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Transcriber's Office

Floor Debate
May 22, 2019

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FOLEY: I call to order the eightieth day of the One Hundred Sixth Legislature, First Session. Senators, please record your presence. Roll call. Mr. Clerk, please record.

CLERK: I have a quorum present, Mr. President.

FOLEY: Thank you, Mr. Clerk. Are there any corrections for the Journal?

CLERK: I have no corrections.

FOLEY: Thank you, sir. Any messages, reports, or announcements?

CLERK: Mr. President, your Committee on Enrollment and Review reports LB397, LB481, LB481A and LB593 to Select File. That's all that I have, Mr. President.

FOLEY: Thank you, sir. While the Legislature is in session and capable of transacting business I propose to sign and do hereby sign LR136. (Doctor of the day introduced.) First item is LB657. Mr. Clerk.

CLERK: Mr. President, LB657 is on Final Reading. Senator Wayne, I have two amendments, Senator, with notes you wish to withdraw specifically AM1860 and AM1913. Mr. President, Senator Wayne would move to return LB657 to consider AM1941.

FOLEY: Senator Wayne, you're recognized to open on your motion.

WAYNE: Colleagues-- thank you, Mr. President. The infamous hemp bill is back after a couple negotiations with the AG and a couple of other parties who had some last-minute concerns, so I'm going to explain what this amendment does. It actually closes a hole in-- not this bill, but actually closes a hole in current law. Current law, because we already have a hemp program and because other states have a hemp programs, if somebody gets caught with plant material, particularly under a pound-- I'm going to try to explain this the best that I can --but under a pound, it would be cost prohibited for counties to go out and test this plant material. So the issue was how can counties continue to test, and I'm going to use a 16-year-old with a joint, it will cost 25 to 50 bucks to get the plant material tested. Even if this bill doesn't pass, this issue is here. This is why it's an important amendment because currently, if this bill doesn't pass with this amendment, somebody can say this is hemp they have instead of a joint. If they do that, they

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have to test it. What happens with testing, it costs \$50 and the fine on hemp --or a joint, I mean, is 300 bucks. So it became cost prohibited to prosecute low-level marijuana users. And that's the current situation because other states are passing hemp programs. So what this bill does, does two things. One-- or this amendment does two things. So one, it says if you don't have proper documentation, one, the plant material can be seized by state patrol or any peace officer. Two, if you have plant material and it's not documented, it is a fine up to a \$1,000. The reason why that's important because I just explained, if you have a joint, it's \$300. This gives prosecutors two options to say, well, instead of testing the joint at 50 bucks, I can just charge you with a misdemeanor underneath this act for not having the proper documentation for the plant material. So this is like a huge loophole that we're closing that really has nothing to do with our bill, but this bill provides a segue for us to create this law to stop low-level users of plant products to deal with it. Second, there was concerns about the capital or the need from a Department of Ag with the \$50,000 appropriation. Well, because it had a general impact fund, we had to remove that and what we did is we allowed or we opened up two cash funds for transfers within their department to be able to have the flexibility to monitor and use their inspectors in a way that can monitor hemp. So we have a Noxious Weed Inspector Fund. We opened that up to allow a noxious weed inspector also to be able to inspect hemp to help offset the cost until the hemp program and the collection of their fees is large enough to pay for itself. So it's almost like they are borrowing from cash funds to make sure that this keeps going until the hemp farmers and producers generate enough cash to offset their loan and to pay for it themselves, which we believe can happen in one to two years. So again, this is a simple amendment. This amendment was worked on by the County Attorneys Association and I want to thank Senator Hilgers for being a part of that conversation. This was also with the AG's Office and the Department of Ag to make sure that we close a loophole that we currently have. And again, whether this bill passes or not, that loophole is there because Montana, Kentucky, other people have hemp programs and so if you have-- and essentially from a practical standpoint, a pound or less of marijuana, somebody can argue it's hemp. A kid on the street can say, no, I got this from Kentucky, it's hemp. And our prosecutors have to go back and say, we have to test it. And because of the low-level of an ounce or less, which is a \$300 fine, there's a cost prohibited to it. So we're creating a new misdemeanor class for up to \$1,000 to close that loophole. And this is a very important amendment because we're going to have to deal with this regardless of whether this bill passes that people who have a pound or less can make that argument and the county prosecutors and state patrol have an expense that they're going to have to deal with that it's cost prohibited for testing, regardless of whether this bill passes or not. So this bill going forward actually closes a loophole and allows the department the flexibility it needs to oversee and make sure the hemp program and our farmers can adequately grow and it can be monitored. And with that, I would ask for a green vote and I'll be here to answer any questions. Thank you.

FOLEY: Thank you, Senator Wayne. Debate is now open on Senator Wayne's motion to return the bill to Select File for a specific amendment. Senator Lowe.

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LOWE: Thank you, Lieutenant Governor. I'm glad we've taken time on this bill because I believe Senator Wayne has come forth and made it better, not that I agree with it. We need to close these loopholes that the federal government has caused us by putting hemp legal in the Farm Act. We're going to find more problems with this bill and with hemp in Nebraska. If we are worried about our children, which we say we are, then we ought to take a look at what's happening before us today and in the past few days. We say we're always worried about the children, but hemp and smoking of hemp, there are no regulations on. It's not tobacco. Our children will be able to smoke hemp and get a slight high. And with that, I'll wait until it returns to Select File to continue my conversation. Thank you, Mr. President.

FOLEY: Thank you, Senator Lowe. Senator Erdman.

ERDMAN: Thank you, Lieutenant Governor. You know, we've had a lot of discussion about LB757 --LB657, excuse me, and we've talked about hemp production and there's been comments made about this is going to help the farm economy, this is going to save farms, this is going to improve people's incomes. I don't believe that to be the case. And I appreciated Senator Lowe's stick-to-itiveness in his comments and what he's tried to do to keep us on the right path. I'll be keeping track of watching to see exactly how much hemp is growing, and how much economic development this really does, and how many farmers it really helps. What this will do is create a bunch of new farmers. This will create a bunch of farmers who have never grown anything in their life who will grow hemp, if for many other reasons. So this is the wrong way to go. I appreciate that we have tightened it up. That was needed. I appreciate that. But as Calvin Coolidge once said, it is better to kill a bad bill than to pass a good bill and I believe this is not a good bill. Thank you.

FOLEY: Thank you, Senator Erdman. Senator Chambers.

CHAMBERS: Thank you. Mr. President and members of the Legislature, life for me is like a seamless web, a continuum. We do things along that continuum, but it continues to go. So yesterday is a part of what was. Today is what is. And I want to continue from what happened yesterday, not just with Senator Groene, but other things that were done. The Legislature yesterday reached a new low. So I had indicated that I will play the rest of the session according to the rules, if you want to call what happened by that term, which means I will take time and there are things I'm going to read into the record. You all are on Final Reading, but when some other action is being taken, you can slip out the back door. So if you want to leave, you can do that. You know, that made me think of that song that this guy said, Fifty ways to leave your lover, just hop on the bus, Gus; make a new plan, Stan; no need to be coy, Roy; just listen to me. Well, hop on the bus, Gus; no need to discuss much; drop off the key, Lee; and make yourself free. So you can just drop off the key, go out the back door and do whatever you want to do because I

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certainly intend to do what I want to do. And I'm going to read some things for you all that I said I would like to have made a matter of public record, forever record as long as legislative proceedings are recorded, transcribed, and kept. This is something that I wrote some time ago. October 8, 2015. And I was sending a series of writings about the death penalty to you all's Governor and this happened to be the fifth in that series. And I'm going to read exactly what I wrote. October 8, 2015. Director Scott Frakes and Governor Pete Ricketts, Department of Correctional Services regarding your problematic role in seeking procurement of banned execution drugs. Dear Director Frakes. I have made you aware of my penchant for messaging via rhymes. Once again, the penchant prevails. Part one. The elevation and devaluation of Scott Frakes by his boss, Governor Pete Ricketts. They say a picture is worth more than a thousand words. That is a corruption of a statement that didn't have to do with pictures at all. But at any rate, I put little illustrations with this which I cannot have recorded. Part one. Washington, as far as I know, is famed for neither forests nor lakes, but to that state Nebraska did go to court the state's top jailer named Frakes. Frakes his surname, Scott is his first. He was neither the best nor the worst of candidates to serve as the head of prisons in Nebraska, twas said. Digressing. We're going to take a leisurely stroll anytime I undertake to read something because I'm not in a hurry. All we have is time.

FOLEY: One minute.

CHAMBERS: We may not have a lot, but I'm going to spend some of it. Meant new Governor, Peter Ricketts. Sought someone to enter the thickets, thorny and tangled to get a handle on a system of Washington scandal. A former director, Harold Clark managed that system before the dark clouds of scandal billowed and hovered above the system wherein was discovered under Robert Houston's management, ills that caused great disadvantage, to the system and inmates alike, scorching Bob Houston like lightning strike. Predictably, Houston abruptly resigned. Then Governor Heineman promptly assigned Michael Kenny to take Houston's place. The scandal continued unfolding a pace. Then Pete Ricketts as Governor elected, jettison's Kenney--

FOLEY: That's time, Senator.

CHAMBERS: Thank you, Mr. President.

FOLEY: Thank you, Senator Chambers. Senator Hilgers.

HILGERS: Thank you, Mr. President. Good morning, colleagues. I was wondering if Senator Wayne would respond to a question or two.

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FOLEY: Senator Wayne, would you yield, please?

WAYNE: Yes.

HILGERS: Thank you, Senator Wayne. So you and I were just having a conversation off the mike and I was wondering if you could help clarify the body how the state's plans submission process would work if LB657 were to pass.

WAYNE: So, currently, we have a research program with the University of Nebraska to grow hemp. We will expand that immediately to allow farmers to grow underneath their research process in which they can do research and grow hemp. Then once the federal government starts accepting applications for state plans, which we believe will be in 2020, this bill will direct our department to submit a state plan, and then once approved, we'll operate underneath commercial hemp-growing process.

HILGERS: Thank you, Senator Wayne. So if I'm hearing you correctly, for the commercial side, if LB657 is passed for commercial purposes, those will not go into effect until the state plan is approved, is that right?

WAYNE: Correct.

HILGERS: And what is your understanding, if any, as to what the FDA will be doing from a federal regulation perspective?

WAYNE: So on May 30, their rules close or their comments close for rule-making. So there will be some more guidance for our department so if you read our bill it's a lot of may and shall-- I mean "may" language if they-- they may need to do this based off of federal regs. And then in 2020, we'll submit it. But here's the thing. If we don't submit it by 2021, the feds have already said then you're--- you have a default plan, which will be the fed plan.

HILGERS: Right.

WAYNE: So that's kind of how it will work.

HILGERS: Okay. Thank you, Senator Wayne. As Senator Wayne mentioned, we worked together and had some conversations with the county attorney's office. There were some concerns raised that we worked through and part of those concerns are addressed in AM1941. I

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really want to thank Senator Wayne for his really diligent and his work throughout and his open ear to the concerns that we raised and the discussions we've had over the last couple of months. I know he has worked incredibly hard on this. Colleagues, ultimately at the end of the day this issue was largely taken out of our hands when the farm bill was passed. There is a explicit provision within the farm bill that restricts state's ability and impacts interstate commerce that's fully within the federal government interstate commerce powers. If we are to regulate intrastate in a way that conflicts with the interstate powers or the prohibition under the farm bill, actually I think we would be-- our state restrictions would likely be null or void under the farm bill and so I actually think this is something I would prefer to have something in state law that we can control, that we can take advantage of the option given to us by the federal government to put our own plan rather than have the regulations dictated to us by the FDA. There are some additional issues that Senator Wayne and I have discussed. There's some other model legislation around the country that I think we might be able to take advantage of. And those are things I think we'll look at over the summer. I don't think there's anything that has to be in this bill today. So with the amendment on AM1941 on LB657, the work that's been done, I feel comfortable voting for this bill. I appreciate again Senator Wayne's work and others who have worked through these issues over the course of this session and I would encourage your green vote on the amendment and the underlying bill. Thank you, Mr. President.

FOLEY: Thank you, Senator Hilgers. Senator Chambers.

CHAMBERS: Thank you, Mr. President. I'm going to vote for Senator Wayne's motion, but I'm going to get my few ounces of flesh along the way. I had gotten to the point in the rhyme where Bob Houston, the former director of Corrections had resigned, a guy named Kenney replaced him, and that guy was put in place by then-Governor Heineman. Then when Heineman left, I'll pick it up. Then Pete Ricketts as Governor elected, jettison Kenney not unexpected, wholesale corrections, housecleaning was faded, dust and opening for Frakes was created. Former director Clark as I said, prior to Robert Houston was head of prisons and I did know him well. Respected him greatly. So I tell that, based upon his conversation, I did proffer the recommendation that we confirm Frakes nomination by the Governor to the station Houston previously occupied. Frakes was confirmed. I was satisfied. In Washington, under Clark, Frakes worked. As deputy, duties, he never shirked, nor corners cut, Clark reported to me. Thus Clark's words to my support were key. Frakes' past life in Washington is done. Now on a different course, Scott Frakes must run. Part three. The devaluation of Scott Frakes. For a professional it seems obscene to serve as a cog in a killing machine. Men and women for whom he is to care find themselves in a killer's foul lair. It is a truism, quote, all make mistakes. I made a whopper endorsing Scott Frakes. Do I fault Clark? No, for it is not strange, one whom one thinks that one knows well can change. To perceive something each thinks as it is, A, has one view, to the contrary, B his. May each be right in the way he to see. Only one thing is sure. They disagree. Experiences differ, accounting for why, people so often don't see eye to eye. Although I'm clearly not one whit religious, an issue

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exists where my thought is contiguous with church, Pope, and bishops. Our difference is nil, all of us hold that the state should never kill. State execution we hold should be ended. Frakes and Governor Ricketts defend it. My strong contention is death by the state manifests vengeance, hot-wired by hate. Vengeance from hate cannot be distinguished. Civilized justice is by it extinguished. Each time the state executes in a fit, civilization is lessened a bit. As refined, discourse is debased by profanity. State executions degrade our humanity. Although admittedly not strong on piety, ferociously I strive for a humane society. Ever a just state must be on its guard, killing is easy, showing mercy is hard. Cain, the first murderer, God did not drill him. Instead he marked Cain and said--

FOLEY: One minute.

CHAMBERS: --none shall kill him. This gives the lie to those who have said a killer of man, man his blood shall shed. Rome was a state that observed eye for eye. At that state's hand, Jesus, innocent, did die. Society is fragile, fabric is frayed when state law to kill citizens is laid. Thank you, Mr. President.

FOLEY: Thank you, Senator Chambers. Senator Chambers, you're recognized for a third opportunity.

CHAMBERS: Part four. I thought I saw Senator Lowe's light on. I guess he decided, as they say in the military, to stand down. And I hope-- he's pointing at me and smiling, maybe he'll give me some time. We'll see because this is my third time and I will have to wait until we get to another stage, which is bringing the bill back. Then I will be able to continue. Part four. What's money got to do with it? As surely as cotton holds the boll weevil, the love of money is the root of all evil. So says the scripture. Did Scott Frakes read it? It seems if he did, he chose not to heed it. A rich man is accustomed to buying his way. Money assures him that he'll have his say. He does not sit. He's ensconced in the saddle, thus lacking money, are so many cattle. A man for his purpose, a rich man may try one. If he can't woo him, he simply will buy one. He has discovered what never will fail. Men in the market are always for sale. Men not accustomed to status or place, always succumb to cash waved in their face. All rich men know to the roots of their souls, the hand that does feed is the hand that controls. How may one tell if a man has been bought? Observe how he acts. Does he do as one ought, who acts upon principle or is he strained, behaving by rope like a dog that is trained? Is he a robo whose master may row him, such are some Hallmarks by which one may know him. Does Frakes' behavior bespeak one who is free or one who is captive, sit tight and let's see. Part five. Before the fall. Since I'm proposing to speak what is true, I'm obliged to give the devil his due. Thirty-two years Frakes spent in Corrections, during which time he saw many defections, among rank and file there is no denying. Low pay, long hours did make the job trying. Barred cells, bleak quarters, tense prison yard. Daily fare

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were for stressed prison guard. Guard is a term that's much less in use besmirched by the stigma of prisoner abuse. Guards are now officers. Does the new name signal a genuine change in the game? Or is it actually, let us be blunt, merely for public consumption, a front. Convicts or prisoners, inmates are called, prison reform has virtually stalled. This brings to mind, dress a monkey as you will, no matter how called is a monkey still. And that line, each student of poetry knows, a rose is a rose is a rose is a rose. Specifically back to the Scott Frakes matter, he commenced at the foot of the ladder at which low level he did not long stay, ever intent to inch and claw his way upwards, determined to let nothing stop his climbing before he surmounted the top of the corrections or prisons profession, reaching the top had become his obsession. Painful awareness of standard jail norms spurred him to make humane prison reforms. Notoriously known to all is the hole, feeling that some-- what some deem a critical role. But on his path--

FOLEY: One minute.

CHAMBERS: --to corrections refinement, Frakes cut back on solitary confinement. His experience had been instructive. Solitary confinement was counterproductive. In his psyche, he conviction did burn, a wise man as ever willing to learn. I'll stop at that point. Thank you, Mr. President.

FOLEY: Thank you, Senator Chambers. Senator Wayne, you're recognized to close on your motion to return the bill.

WAYNE: Thank you, Mr. President. Colleagues, I just want to stress the importance of this amendment again. There is a current loophole in statute because of the federal government has allowed hemp to be grown in other states that we are trying to close that anybody today can make that argument that it's hemp and this allows for prosecution for not having the proper documentation to transport hemp. And this also allows the Department of Agriculture to-- the flexibility to make sure they are overseeing the hemp program the way we plan as a Legislature to get this done. So I would ask for a green vote on this. Thank you, Mr. President.

FOLEY: Thank you, Senator Wayne. Members, because we're on Final Reading and about to take a vote, I'll need to ask all of you to please be at your desk pursuant to the rules. Senators, please be at your desk for Final Reading vote. The question before the body is whether or not to return the bill to Select File for specific amendment. Those in favor vote aye; those opposed vote nay. Record, please.

CLERK: 44 ayes, 0 nays on the motion to return.

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FOLEY: The bill has been returned to Select File. Mr. Clerk.

CLERK: AM1941.

FOLEY: Senator Wayne, you're recognized to open AM1941.

WAYNE: Thank you, Mr. President. I won't repeat everything I just said again about this amendment, but it is critical from a law enforcement standpoint and from closing this gap and to allowing the Department of Ag the flexibility to implement the current research hemp program and the commercial hemp program down the line. Thank you, Mr. President.

FOLEY: Thank you, Senator Wayne. Debate on AM1941. Senator Chambers.

CHAMBERS: Thank you. Mr. President, and members of the Legislature, for the sake of the process, I can now speak three times on Senator Wayne's amendment. He will close and the amendment will be adopted. Then a subsequent motion has to be made to return the bill to Final Reading. Naturally and obviously, that motion is debatable. So 15 minutes, the first spot, 15 minutes on this, that's 30. Fifteen additional minutes, that's 45, and then when the bill has been returned, I won't have anything further to do with it. However, if I can find a way to take 45 minutes on a bill that I support, imagine what will happen when we're not on Final Reading and a bill becomes my sport. See, Senator Hansen, B., I am a sport. I think in that regard you're just like me. We believe the quarry should have a chance and not just run to the corner and be shot, but join the dance. So I hope you'll sit there and enjoy yourself, because it will be a while before I put this form on the shelf. I had pointed out that senator-- Governor --Director Frakes had a good record when he was in Washington State. He changed the whole concept and use of what's called the hole. And yet, when he got here, he made use of what they now euphemistically call restrictive housing with a vengeance, because you see, my friends, evil companions corrupt good manners and there were evil people in the Department of Corrections and an evil person sitting as Governor. So that nobody will misunderstand whom I am referring to, but to say it correctly and grammatically, Senator Lowe, to whom I'm referring, present Governor Ricketts and Frakes was corrupted and either he was an actor when he was in Washington State serving as director of their corrections department or he came here and fell among thieves and took on their ways. It is more difficult for one person to change a gaggle of thieves than it is for a gaggle of thieves to overcome a weak man's principles. Even if he sincerely held them when he was not under pressure, the principles are strong, but the man was weak and he succumbed. I'll continue at my leisurely pace because I will have all day today, periodically, maybe spasmodically, to say what I've got to say in my rhyming way. Increased community supervision was for Scott Frakes a logical decision. His philosophy was, a director strives to humanize prison enhancing the lives--

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FOLEY: One minute.

CHAMBERS: --of inmates through programs and education buttressed by counseling and rehabilitation. Frakes was chagrined, seeing many who fill cells are not criminal, but mentally ill. In his mind, the saddest songs dealt with the vulnerable victims of wrongs, while much of society had nothing to say indifferently looking the other way. Thank you, Mr. President.

FOLEY: Thank you, Senator Chambers. Senator Lowe.

LOWE: Thank you, Lieutenant Governor. From the hemp industry daily, rocky, risky, and untraveled. A global agricultural research firm called hemp farming a risky business based on inconsistent pricing and production data an unstable market. This is something that our farmers want to get into when complaining that their stable markets are too low. It's a risky business and I warn them. The hemp report warns U.S. farmers. Hemp farming requires more paperwork, and regulatory infractions could result in crop seizures and destruction. That's worse than a hailstorm, folks, it's not covered by insurance. And the state can still ban hemp production in the future if we find it a problem and now you've gone to all that infrastructure, all that cost. United States may force an oversupply of hemp grown for CBD extraction causing losses for farmers once prices adjust. Is that much different than our corn prices and our soybean prices? Let's take a second thought about hemp production, people. From the magazine Technician, it's a student newspaper in North Carolina State University. NORML seeks to normalize industrial hemp and marijuana in North Carolina. NORML is the National Organization for the Reform of Marijuana Laws, according to Sam O'Connor. Sam O'Connor is the President for NORML at NC State. There are a lot of misunderstandings about the similarities and differences among hemp and cannabis and marijuana. Marijuana and hemp are the same plant. Federally, if the plant contains more than .3 percent THC, it's classified as marijuana. So let's not talk about two different plants. These are the same plants, only hemp is the marijuana that we knew in the '60s and '70s. It is the same plant. NORML is committed to the full legalization of hemp and marijuana for industrial, medical, and recreational use. From the president of NORML, there is definitely progressive two things, O'Connor said. Industrial is usually first, then medical, then recreational. That is how things have gone in other states and kind of how the federal government does it. So let's not think that this is not a slippery slope, folks. It is. We're legalizing what we used to call marijuana here. That's what we are doing. We are legalizing what we now call ditch weed but we called it marijuana in the past. Now it's been said that nobody smokes ditch weed. Bethany Gomez, who analyzes the hemp industry for Brightfield Group, a Chicago-based cannabis marketers research firm, said her team uncovered the smokable hemp trend this year while calling retailers, including smoke shops, spas and natural food stores--

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LOWE: Thank you, Mr. President. --to find out what they were selling. The people kept saying they're carrying pre-rolls and we said what, like marijuana pre-rolls? And sure enough, they're selling pre-rolls of hemp, she said. We identified it as one of the fastest-growing segments of the CBD market this year. It's a trend that is still very much developing. So it's hard to tell whether it's a long-term play. Hemp producers say the trend is giving them new market opportunities. CBD product, it doesn't require extraction makes it less expensive product to make, as you have room to dry the flower. We had some plants with great flowers and we thought we'd give it a try just selling them like that. The head of national minority farmers of industrial hemp said it's been a great product for us, so let's not say people aren't smoking hemp. Thank you, Mr. President.

FOLEY: Thank you, Senator Lowe. Senator Chambers.

CHAMBERS: Thank you, Mr. President. Members of the Legislature, you're given a choice this morning as you are all through your life. You can listen to my colleagues drone on and on and be repetitive, or you can listen to this scintillating rhyme. Continuing. And I need to bring us up to speed on this. Scott Frakes is so harshly criticized by me because I'm aware of what he was or pretended to be before he came to Nebraska and I wish he had gone to Alaska. But, anyway. Continuing. Judging his overall record one can declare that Scott Frakes was an honorable man. And honorable he was before he fell. The rest of the story, the facts will tell. An ancient axiom of law has been, who aids and abets a wrong shares the sin. The rest of the story recounts the fall of Scott Frakes, who heeded the siren call of Governor Ricketts, who rabidly strives by any means possible to take the lives of some men, engaged for what they have done, while others who did the same/worst live on. Multiple homicides by the same hand, disbelief, anger, and outrage they fan, stabbings and tortures and strangulations, vicious bludgeonings and mutilations, corpses cut up and pieces in hidden, most heinous crimes by the death law forbidden. Such murder cruel and foul persists even while the death penalty exists. Murder by hundreds and yet such crime fetches sentence of death for a handful of wretches, randomly chosen whose are the voices raised to decide all death penalty choices. Ninety-three counties comprise this great state, each has one person deciding what fate, killers within his/her jurisdiction possibly faces with little restriction, placing a limit on her/his discretion, allowing such choices to give free expression to prejudice whim or community fury, leaving scant work for a judge or a jury. Powerful voices, unfettered are these, manipulating the law as they please. None is empowered to spay or neuter the dogs of death called the prosecutor. Ninety-three prosecutors that is the cause why there are 93 death penalty laws. This factor also produces the key why death cases lack uniformity. Ninety-three prosecutors, 93 laws. Prosecutors manipulate death's jaws. Many are lazy, some weak in the knees. Therefore, most murders are handled by pleas. Apparently, murders most heinous and cruel are rendered less so per the plea bargain rule. None but the young, poor, unpopular go to language for decades on hatred's death row. As sure as cattle provide T-bone steaks, all of these facts are familiar to Frakes. Nevertheless, he has thrown in his lot with Governor Ricketts and thickens the plot. There is scant doubt if the whole truth be told that Scott Frakes of old, would

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have stood tall and bold and said without flinching or watering eyes, all of my life and works would be lies, were I to buckle and follow your way, I cannot serve you no matter the pay. Recall what was writ in the previous space about cash that rich men wave in the face of men not accustomed to status or place, Scott Frakes alas is a prototype case. To a reprehensible cause he does fetter himself though his record proves he knows better. When one spins into moral decline, the honorable thing to do is resign. If Frakes concurred, it is well-understood. Still he would stay for the pay is too good. 112,000 his former job paid, what Ricketts waved put that amount in the shade. 180,000, much more.

FOLEY: That's time, Senator.

CHAMBERS: Thank you, Mr. President.

FOLEY: Thank you, Senator Chambers. Senator Erdman.

ERDMAN: Thank you, Lieutenant Governor. Senator Lowe, I listened to your comments and as I look around, there were probably two, maybe three of us listening, maybe four. But one of the things that we don't talk about is how much hemp does one have to raise to have a saturation of the market. How much hemp does one have to raise before it becomes a commodity, like corn or wheat. And as you noticed, those who watch the markets, corn price has gone up. The reason the corn price has gone up is because they can't plant corn because it's too wet. Doesn't mean there's going to be more revenue for the farmers, just means the crops are going to be higher priced, but you'll have less production, so nothing has changed. So they always say, the cure for low prices is low prices and the same is true, the cure for high prices is high prices. But in the hemp discussion, as with all these specialty crops, it doesn't take a lot of production increase to make a huge difference in the price. And we're waiting out there in rural Nebraska to raise hemp to save the farm and by the time we get this established, if it does establish itself to be a commodity that produces income, a profit, these farmers that are struggling now because their property tax may very well be gone. So this is a pie in the sky type operation, but it sounds good. It makes you feel good and we make a lot of decisions here based on emotions. And I shared with you yesterday, that probably the best decision I ever made based on emotion was choosing my wife and getting married to her. After that, basing your decision on emotion get pretty iffy. And so consequently, I'm not sure that this bill is going to be the salvation for anybody's farm, but we are going to give them some hope that it is. Senator Lowe had described to you the fallacies of raising hemp and what it can lead to. And I believe that to be it, because that case it's the first opening the door to whatever else they want to do with marijuana. We will be here a long time again today. We were here until 9:00 last night, but we won't be here next Tuesday and Wednesday. Perhaps-- this is just a suggestion. Perhaps if we had scheduled next Tuesday and Wednesday, we wouldn't have to be here until 11:00. Just saying. But whatever the time is that we need to be here, I'll be here.

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And if it's next Tuesday or Wednesday, I'll be here as well. But I have not changed my opinion on this hemp bill and I'm still in opposition. Thank you for listening.

FOLEY: Thank you, Senator Erdman. Senator Lowe.

LOWE: Thank you, Lieutenant Governor. I just want people to take a moment to think about our children once again and what could happen. This bill says industrial hemp, but it really only says it in the old language, it's not changed. There's nothing new in here. This bill will allow hemp from two feet tall to 18 feet tall, all different kinds. The true industrial hemp grows to 18 feet tall. It's going to require new combines, new tractors, new ways to plant it, new cost to these farmers. And when the market gets saturated because we're now growing it across the United States and it's not a food product, it's a drug product, and it's a fiber product. And when that market gets saturated, our farmers are going to have that equipment and they're going to want to use it. Now, the stuff that grows the-- or that can harvest the short marijuana can probably be turned into something else like harvesting of marijuana. The stuff that cuts the 18 feet tall, it doesn't really do much for anything else unless we start growing cane sugar around here and that's not going to happen, but it could. You put enough incentive behind it and you can grow anything. You can grow palm trees in Nebraska if you put a building around it. And these quotes I'm reading from today, they're not from some right-wing magazine or newspapers, but they're from the Industrial Hemp daily. And my next one will be from the Rolling Stone magazine. November 29 of 1918, there was an article and it said Aspen Valley, CB flower has gone mainstream. As they stood above Mexico City on a 17,000-foot volcano, the owners of pure CBD exchange decided to go all in on the CBD flower by launching Aspen Valley Hemp Company. While products being made of hemp extracts are here to stay, Aspen Valley Hemp Company is willing to bet the whole plant experience on CBD flower, the next revolution on how consumers use CBD products. Aspen Valley's goal was to create a hemp cigarette that would replace tobacco and it has become clear, after some initial experimentation, that a filtered hemp cigarette could do exactly that. Hemp cigarettes do not contain tobacco but instead replicate the experience of smoking. However, it has began to sink in that the CBD flower is much more than the replacement of tobacco. Aspen Valley has made their mission to breed premium flower, the looks, smells, exactly like cannabis strain, the marijuana. Due to years of work in breeding in genetics, hemp flower is now labeled to yield terpenes and trichomes covered strains. Terpenes and trichomes are the aromatic compounds that give cannabis its unique fragrance. That smoke just like medical dispensary flower. The result is a product substantially higher CBD content and almost no THC whatsoever, less than .3 percent. Why are people smoking hemp? In order to understand this question, you need to understand the difference between industrial hemp, CBD rich hemp and typical cannabis. Most cannabis strains are high in THC comprised of dense buds. These strains have a wide ray of cannabidoids and are covered in terpenes and trichomes and give the rich flavor and potency. True industrial hemp looks a lot more like the bamboo plants and it can reach 18-feet tall and yields very few buds. That is industrial hemp, the 18-foot tall

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kind, not the 2-foot or the 4-foot kind, not the 6-foot kind, but the 18-foot tall plant. And that's not what were talking about growing in Nebraska with this bill. We're not talking about the 18-foot tall plant and that is where we get the fibers. The CBD flower grown in the United States is a hybrid of the 18-foot tall plant and the cannabis plant.

FOLEY: That's time, Senator.

LOWE: Thank you, Mr. President.

FOLEY: Thank you, Senator Lowe. Senator Chambers.

CHAMBERS: Thank you, Mr. President. I've got to start at a point where what follows will connect. If Frakes concurred, it is well-understood, still he would stay for the pay is too good. 112,000 his former job paid, what Ricketts waved put that amount in the shade. 180,000 much more than Frakes ever earned or this state paid before. To fill this slot and consider this truth, 50 percent more than his predecessor forsooth. Who would expect in these cynical days a man to forsake a job which so well pays? Some men would turn their back on their brother. Others would dance on the grave of their mother. Just as the honey bee risks all for honey, some men there be who will sell soul for money. Thus is established as sure as owls hoot, the love of money does comprise evil's root. Sometimes a rhymes to resorts to digression in order to give certain ideas expression. When his/her rhyming bones back in its joint, digression ends and rhymester is back on point. To what does this overworked word soul refer? Let me be frank, I do not know for sure. Is it one's essence or what one believes? Is it internal or worn on one's sleeves? Whatever is meant by that mystical term, each for herself or himself must affirm. As to my purpose here, let it be known, I leave soul's meaning to each his/her own. What doth it prophet, quote, Jesus of old, to gain the whole world at the cost of one's soul. Taxpayers justly may ponder the why. Ricketts paid Frakes so much, was it to buy, something the Governor did not disclose. People may speculate, wonder, suppose. The answer lies somewhere twixt heaven and earth, twas more than Washington thought he was worth. Investment was how Ricketts labeled Frakes pay, unclear precisely what he meant to say. One who invests does so with the intent, profit or interest to gain from cash spent. Investors have future advantage in mind. They never invest to be charitable or kind. One may assume rich man Ricketts, a student of capitalism and best in a way wise and prudent. As any capitalist student would know, in order to capitalist goals to be true, which means not one dollar would he waste or spurn, but rather for each buck expect a return. He could have hired one the equal of Frakes to just run the prisons, but much higher stakes Ricketts did contemplate for his true goal. It was not by incompetence, but rather a soul. Extra cash spent, something extra must acquire. Lock, stock, and barrel was Ricketts' desire. Frakes was the target he had in his sight. Events prove that Ricketts has sized Frakes up right. Frakes was the handle that fit Ricketts' tool, making him kin to the vulture and ghoul. Foulness invaded Frakes heart

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and his breath, so to speak, he became the minion of death. Ricketts' obsession Scott Frakes did not shirk. Helping to execute death's grisly work. Part six. If the death penalty is not abolished, respect for human life will be demolished. This Pope Francis solemnly declared, even the life of the worst must be spared. Quote, I am convinced that this way is the best, unquote, the Pope said when the Congress he addressed. All should treat others as they would be treated, by loud applauding his comment was greeted. Each life is sacred with dignity endowed. State killing, therefore, should not be allowed. Here was a man of moral authority who made protecting all life a priority. Some will accede and accept his presentment, unlike Pete Ricketts who harbors resentment. Frakes made a choice.

FOLEY: That's time, Senator Chambers.

CHAMBERS: Thank you, Mr. President.

FOLEY: Thank you, Senator Chambers. Senator Blood. Senator Blood, before you proceed, Senator Chambers, that was your third opportunity. Senator Blood.

BLOOD: Thank you, Mr. President. Fellow senators, friends all, I stand in full support of both Senator Wayne's amendment and his bill. And I want to tell you why because I think that by supporting this bill, we're being good Americans, and let me tell you why. Does anybody know what type of paper the Declaration of Independence was written on? For those of you that guessed hemp paper, you were absolutely right, Senator Cavanaugh. Two points for you. Thank you for playing, by the way. But seriously, I don't know how many times we have to stand on this mike and talk and debunk silly science with facts. Hemp has been produced around the world for centuries. It's used to create products, treat health issues, CBD is derived from the hemp and really has no psycho active effects. We're not reinventing the wheel. Senator Wayne has been very diligent. But one of the main reasons I support this is the reason that this was made a criminal thing was really because of racism. And a lot of people don't understand that. And I think this is the opportunity for us to do better than what our forefathers did. So there was a gentleman named DuPont and if that name sounds familiar, it's because DuPont was known for pesticides and herbicides and fertilizers, right? And he was in the time of when the rich were very rich and he was very good friends with William Hearst who owned a huge media kingdom. And so what they knew back then is that cotton was really super cheap to grow. And was very dependent on pesticides, herbicides and fertilizers, and then people of color found out, as did others, other farmers such as in Kansas, that it was even cheaper to raise hemp and require fewer chemicals. And so, Mr. DuPont went off the rails and ganged up together with Mr. Hearst. And they started this huge, racist campaign that scared people about minorities and scared people about hemp and marijuana. And so I feel that when we continue to support this sad legacy, we continue to say that we don't care about the history of minorities. That it doesn't apply to us,

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we're fine, we're not racist. But I think that when we don't go ahead and override these past views that are based on obvious racism, that we have no room to talk. And so since Senator Lowe continues to talk about this as if it is a drug, I think this is a really good time to point out that this morning on the news that Senator Howard was mentioned, her name not exactly, but her efforts in preventing Nebraska's opioid crisis. She started efforts with LB237. There was LB1072, LB471, LB223, LB390, LB457, six more bills last year. And I think today when we're talking about pretend drugs, we should remember that we have somebody in the body and others who supported her who did a fine job of keeping opioids out of Nebraska and protecting our citizens. With that, I would ask that Senator Lowe yield to a question.

FOLEY: Senator Lowe, would you yield, please?

LOWE: Yes.

BLOOD: How are you today, Senator Lowe?

LOWE: I'm well.

BLOOD: I'm glad to hear it. It was nice meeting your son yesterday. So at 9:17 a.m. and at 9:57 a.m. today you expressed concern for the children and asked us to think about the children. Would you say that's correct?

LOWE: I don't know of the times, but probably correct.

BLOOD: Okay, according to my notes, 9:17 and 9:57 because I do pay close attention to everything you say and I appreciate the fact when you are on the floor. So knowing that, I have a question for you. Would you say that breastfeeding a child is pro-woman and pro-science?

LOWE: What was that?

BLOOD: Would you say that breastfeeding a child is pro-woman and pro-science?

LOWE: I don't know if it's pro-science or not.

BLOOD: Why would you say you're not sure it's pro-science, or-- ?

LOWE: Because I don't know if it's pro-science or not.

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BLOOD: Okay. Would you say that a healthy child being provided good nutrition is good science?

LOWE: I would say providing a child with good food is good science.

BLOOD: Okay. Then we would be in agreement with that point. Well done. I asked you that because we're going to be discussing it later on today in an amendment that I'm going to be bringing up. I know that you are one of the people that supports the bill that we have on it in the day, on the agenda LB209, I believe, you're a supporter of that.

FOLEY: That's time, Senators.

BLOOD: Thank you.

FOLEY: Thank you, Senator Blood and Senator Lowe.

BLOOD: I don't remember my one-minute.

FOLEY: Senator Erdman.

ERDMAN: Thank you, Lieutenant Governor. I appreciate that. I'm quite confident that Senator Chambers probably has not used up all of his information that he would like to share with us, so I'm going to yield my time to Senator Chambers.

FOLEY: Thank you, Senator Erdman. Senator Chambers, 4:45.

CHAMBERS: Thank you. Mr. President, and members of the Legislature, I always knew Senator Erdman was a gentleman, but now I know that he's also a scholar and a master of the arts and he's appreciative of that which is artistic. Art is in the eye of the beholder in terms of its quality. And they say-- Shelley might have been the one who said it, beauty is its own reason for being. This that I'm reciting is not beautiful. I'll pick up where I left off. Here was a man speaking of the Pope of moral authority who made protecting all life a priority. Some will accede and accept his presentment unlike Pete Ricketts who harbors resentment. Frakes made a choice, he aided, abetted. Ricketts perverse cause, will he regret it? If he has principles left he will find, nothing brings torment like a divided mind. Derisively, Ricketts deems himself exempt from the Pope's words which fill him with contempt. He's not averse to all the Pope does say, only such tenets that get in his way, complicating purposes, all of which, are so important to all the spoiled rich.

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Also politicians. The Pope fails to see, he's in religion and politics are we. He can direct religious waters flow, political move as political winds blow. If we don't please irate voters they shout, throw the bums out. Throw the-- bad word, bums out. I didn't write a bad word. I put those symbols that the typewriter lets you put in to indicate that somebody is speaking in Christian terms. The Pope is immune from voter's retribution, politics is no friendly institution. All due respect, let the Pope go back home and tend the Church's onions over there in Rome. Scott Frakes and I with the help from the AG shall have executions, that's our guarantee. Sometimes this is for-- this is Ricketts being presented, that's our guarantee. Sometimes-- and the Lieutenant Governor knows this. He used to be against the death penalty until Ricketts brought him aboard. And I touched on earlier where Jesus said, what does it profit a man to gain the whole world and lose his soul? But to gain a seat in the Legislature as the Lieutenant Governor? Good God, almighty. Let me continue. Scott Frakes and I with the help from the AG, shall have executions, that's our guarantee. Sometimes I'm overcome by tingly thrill when I contemplate our power to kill. Killing to some is unpleasant, that's true, but killing the public expects us to do. Frakes knew no glee, but he told Ricketts, fine. Eerie weird feelings played tag down his spine. The Governor by thoughts of killing was void, the death brings role he thoroughly enjoyed. Some think he ought to pursue meditation, others think he should be on medication. One thing is clear, he is bound by the spell of killing, where it shall lead--

FOLEY: One minute.

CHAMBERS: --time will tell. It is one thing to pursue such a course and quite another to feel no remorse. It is one thing to discharge ghastly duty and quite another to see in it beauty. If one concedes such a duty is his, ghoulishly he reveals just what he is. And I'll pause until next time. Thank you, Mr. President.

FOLEY: Thank you, Senator Chambers. Senator Lowe.

LOWE: Thank you, Lieutenant Governor. You get the same taste, the same psychological feeling of smoking a joint, but without the high by smoking a hemp cigarette. Also missing from the smoking hemp is any regulation or testing requirements that come along with tobacco and marijuana products, which means there's no regulation, folks. We're not ready for this. We're not ready for this at all. You want your kids doing this? You want your grandkids smoking hemp? Because they can get it. There's no regulation. It's a voluntary decision for many of them, for many of the places that sell the smoking hemp not to sell to people under 18, but it's voluntary because there is no regulation on smoking hemp. I once again say that this is a slippery slope and we're ready to slide. We're going to give the first push here in a few minutes. The hemp bill is a Trojan horse bill for marijuana, for medical marijuana because once we get it, then we're going to go straight to marijuana. I still say that this hemp is still the hemp that everybody was

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smoking in the '60s and '70s. It's just that through GMOs, which a lot of people don't like to hear about, but through GMOs has made marijuana stronger than ever. And if we were going to do this for paper, we're going to save a lot of trees because we also use papyrus. We're not using papyrus too much anymore except on very expensive paper. And once we pass this, is the testing for federal jobs going to know the difference between the CBD and the THC because, yes, there is THC in hemp. So when you take your job to work at a federal position, are you going to test positive for marijuana? If so, you will lose your job. We are one of three states now that don't have hemp and don't have marijuana. We could stand on gaining a lot of federal positions here in the state, federal contracts because our people will not test positive, a lot of our people. I would rather see these contracts come to a state that is strong and that stands for what is right. Big marijuana's game plan has three steps. First, to legalize hemp, then legalize so-called medical marijuana, and then legalize recreational marijuana. And Colorado has taken it a step further now to legalize mushrooms. I am convinced that the real purpose of this bill is not to help farmers, or to provide raw materials for clothing, or industrial purposes.

FOLEY: One minute.

LOWE: Thank you, Mr. President. The real purpose of this bill is to lay the groundwork for legalizing marijuana. So folks, I don't know if I'll get another chance to speak, but if you don't like big pharma, don't vote for this bill. If you don't like GMOs, don't vote for this bill. If you don't like the overreaching tobacco companies, don't vote for this bill. If you don't like government control on how you grow your crops or where to grow your crops, don't vote for this bill. If you don't want your children or grandchildren getting easy access drugs, because that's what this is, don't vote for this bill. If you want our state to go on a slippery slope, vote for this bill. Thank you, Mr. President.

FOLEY: Thank you, Senator Lowe. (Visitors introduced.) Continuing discussion. Senator Erdman.

ERDMAN: Thank you, Lieutenant Governor. Senator Lowe, thank you for the information that you shared with us. As with most proposals that come to the floor, I would assume that we're not changing anyone's mind, anyone's vote, especially today Senator Lowe, we had like two people listening when you were speaking. I guess that's what we do here, but you made good points. And if people were listening, they would be able to make a conscientious decision about how to move forward with this proposal. So we're about to the end of it. The amendment will be adopted and then LB657 will pass. And then we'll be able to understand exactly what this is going to do for people and we'll keep track of that and we'll go back and review it. We seldom do a review of what we do here, but we will do that. So, Senator Lowe, thank you for your efforts. I appreciate it. And I will be a no on LB657. Thank you.

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FOLEY: Thank you, Senator Erdman. Senator Wayne, you're recognized to close on your amendment.

WAYNE: Colleagues, I'm going to ask for your green support on this amendment and the underlying bill. Let me be clear here. If we don't pass this bill, I want you to know that most of the farmers in Nebraska are committing felonies because hemp is currently illegal even if it's wild. And they are currently in possession of it in their cricks. If you say creek, you can call it a creek, I call it a crick. This bill is making sure that farmers aren't being prosecuted for wild grown hemp, that we are part of a research program to put Nebraska in the forefront of this industry. All the other things that we talked about or heard about, I didn't respond to because they're not really worth responding at this point. We are closing a loophole with this amendment that currently exists that our prosecutors are facing. We are opening up an industry that allows us to move to the forefront, and it's time that Nebraska gets involved in this commodity or this agriculture products. Now whether the market gets saturated or not, that is a business decision that farmers should be able to make and do make every time they decide to plant something and not plant something. And I believe that they can make that decision and this is just one more agricultural product that we are opening up the door for them to grow. This is not, Senator Erdman, designed to save the family farm. This is a given alternative crop to our farmers. And with that, I would ask for a green vote on AM1941 and LB657. Thank you, Mr. President.

FOLEY: Thank you, Senator Wayne. Members, just a reminder. We are on Final Reading. We're going to be taking a vote. All Senators, please be at your desk for Final Reading vote. The question for the body is the adoption of AM1941. Those in favor vote aye; those opposed vote nay. Record, please.

CLERK: 44 ayes, 2 nays on the adoption of the Select File amendment.

FOLEY: AM1941 is adopted. Anything further on the bill, Mr. Clerk?

CLERK: Nothing further, Mr. President.

FOLEY: Senator Slama for a motion.

SLAMA: Mr. President, I move that LB657 be advanced to E&R for engrossing.

FOLEY: The motion is to advance the bill. Those in favor say aye. Those opposed say nay. LB657 advances. LB657A, Mr. Clerk.

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CLERK: Mr. President, Senator Wayne would move to return LB657A to Select File for consideration of AM1883.

FOLEY: Senator Wayne, you're recognized to open on your motion to return the bill.

WAYNE: Thank you, Mr. President. I'm asking to return this bill because as we made the change in the bill we just passed, it allows for more flexibility through cash funds that the department already has and allows them to use their noxious weed individuals who work in the noxious weed sector to be able to do other things. This A bill will just simply line up with that and remove the general impact fund so this bill can move forward. Thank you, Mr. President.

FOLEY: Thank you, Senator Wayne. Before you is the motion to return the bill to Select File. Debatable. Senator Chambers.

CHAMBERS: Thank you, Mr. President. I'm just about wrapped up on this rhyme. And I don't want to impede the movement of Senator Wayne's bill because I support it. Ordinarily, I would digress and counteract some of the arguments that have been made against his bill, but in the same way that he didn't see the need to take time to do that, I shall not do so either. I think the bill has merit. It stands on its own feet. He is working in conjunction today with something the Attorney General had had concerns about, and that alone should carry it back to Final Reading where it was anyway. I don't think by him trying to cooperate with the Attorney General should put his bill in jeopardy, and I do not think that will happen. I'm going to wrap this up. But I'm going to turn on my light just in case I need one more time to finish. This is in the nature of a sermonette. I'm going to mention seven people who were traitors. And in order not to have to break into what I'm reading, I will tell you something about them. The first one is Lucifer and he was called the son of the morning. He was the anointed cherub that covereth. He held the highest rank among the angels, if you accept the yarn. And then he got full of himself so he decided that being in second place wasn't enough, he's going to take over. Now, this is in heaven where everything is supposed to be good, but that pride was there. And he persuaded a few other angels to go along with him. And I'm sure they sat in the heavenly legislature like here and they were very malleable and not very strong, so the idea of taking over really appealed to them. And there were some who tried to persuade Lucifer, don't do this. And there was a little conversation between him and God before God showed him who was boss and Lucifer wound up being kicked out of heaven and came down to a bad place and has been tormenting people ever since. But some people don't see what he does as torment. There was this lady who was going to buy a red dress and she was a church lady. And she looked at that-- herself in that red dress and when a lady-- red is a power color for women. It's a monkey color for men, in my opinion. She looked at herself in a mirror and she said, good lord, this dress is beautiful, but it might stoke my vanity which would be a sin. Satan, get thee behind me. And Satan obliged. And you know what he

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said? It looks pretty good from back here too. So she bought the dress. Now, that's Lucifer. The next one will be Dorian Gray. He was a character created by Oscar Wilde, and to make that story as brief as I can, there was an artist who painted a picture of Dorian Gray. A young man about town, very handsome, he got into all kinds of things. This portrait that the artist did, somehow, became in mesh with the spirit of Dorian Gray. Every time Dorian Gray committed a wrong, it etched a line on that portrait. Then he began to do a lot of wrong because the taste of it was so sweet on his tongue--

FOLEY: One minute.

CHAMBERS: --that he couldn't give it up and the picture became ugly. It became hideous. So hideous that Dorian Gray hid it in his attic. They made a movie about it. Dorian Gray wound up stabbing the picture and that was how he would purge himself of the evil. The picture gradually came back to what it was, the picture of a fresh-faced, innocent young man, and Dorian Gray himself became that hideous monster full of bumps and carbuncles and festering sores. And I'll continue when I'm recognized the next time. Thank you, Mr. President.

FOLEY: Thank you, Senator Chambers. You may continue on your second opportunity.

CHAMBERS: That takes care of Dorian Gray. Quisling, Vidkun Quisling betrayed his country to Hitler. And he was one of those who suffered a bad fate during the Nuremberg trials. When you hear somebody referred to as a Quisling, that means a traitor. Next was Brutus. Et tu, Brute? Brutus said no, et one, Caesar. That takes a little while. You all don't get Latin jokes. But Brutus turned on Caesar-- turned against him. You all have heard of Benedict Arnold. You all ought to read about Benedict Arnold and you see that he got a bad wrap. But Quisling and Benedict Arnold are terms used interchangeably to designate a traitor. Then Faustus. Faustus was a person who gave up everything in order to make a deal with the devil. And Mephisopheles was the one who dealt with Faustus, not Satan himself. And he told Faust, they came together because Faust dealt and dabbled within the arts of evil, and he was able to summon this creature. And he was promised anything he wanted in exchange for his soul. Faustus didn't worry about his soul, and he made the deal. He did things like went to Rome and he was thumping-- he thumped the Pope on the head. He was slapping priests upside the head while they were eating dinner, and he had a good time. And then he even saw Helen. Is this the face that launched 1,000 ships that burnt the towered tops of ilium. Helen make me immortal with a kiss. That's what Faustus said when he went back. You know, he could do anything he wanted to, but when time came to pay the piper, Faustus realized what he had done and he wanted to get out of his deal, but once you make a deal with the devil, you cannot get out. He said if I could just become a drop of water and be put into the ocean and disappear, if I could make those horses whose movement symbolizes the passage of time, if I could stop those horses in their flight and midnight would never come, but midnight

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came. And Faustus had some students who almost worshiped him because one of the things he wanted was a lot of knowledge and understanding which he obtained. He was world famous. So he told these students, whatever you hear in this room, disregard it. Whatever you do, don't enter this room. So Faustus was in the room and when Mephistopheles came to collect on the debt, the two words that came out of Faustus' mouth, the last two, ahh, Mephistopheles. Then he was whisked on away. The last one is Judas, who needs no introduction so I won't give it. But the three famous traitors, Quisling, a European; Benedict Arnold, an American; Judas, a Jew. How much time do I have, Mr. President?

FOLEY: About one minute.

CHAMBERS: I think I'll just wait until I'm recognized the last time so that I can read through what I have in mind. Thank you, Mr. President.

FOLEY: Thank you, Senator Chambers. Senator Chambers, you're recognized for your third opportunity.

CHAMBERS: Thank you. These four words, well, three, literature, history, and Bible, they will sound like plural but they're really the possessive forms of these words. Part seven. Literatures, histories, Bibles, examples. Chronicle falls. Here are but a few examples. Lucifer, Dorian Gray, Quisling, Brutes, Benedict Arnold and Faustus and Judas. All of them one way or another were fakes, sitting at table now with them is Frakes. Jesus did speak of the world for one soul, is it a plausible trade as a goal? The prize here, less consequence has and less worth, a tawdry position in gendering mirth is go to lap dog or flunky fulfilling, serving a rich man spoiled, stuck on killing. The whole world a most overwhelming of visions, but merely hid of Nebraska's ten prisons. Frakes, is it worth it? What for you is par? A more spacious house and a snazzier car. Able at others to look down your nose, strutting in shined shoes and fancier clothes. Able to walk the dog sharp as a sport, some might surmise you sell yourself short. While to his death work, your spoiled boss attends, are you ensconced in his circle of friends. While he obsessively handles death biz, are you socializing with him and his. Do you and he pal around laugh and joke, perchance at times have a drink and a smoke. Did Knights of Aksarben perchance to you bring, an invitation to serve as their king. Are all such musings is hilariously funny? Still just a guard with a little more money? If that is how your spoiled boss perceives you, totally I understand if that grieves you. Merely a guard with little more money, wow, next he'll call you junior or sonny. Think not that you from his scorn are exempt, after all, towards the Pope he shows contempt. The FDA, Food and Drug Administration assigned to oversee the importation into the U.S. of medicines and drugs, cannot be thwarted with dismissive shrugs. A headline in the state's leading paper, trumpeted the Governor's Looney Tunes caper. Aimed at skirting the FDA'S banning, of lethal injection drugs import by planning. To pit in his silliness the DEA

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against the FDA paving the way to have the DEA nullify or stall the ban on sodium thiopental which by law the state must administer in executions. His plot would be sinister were it not patently preposterous, and thick-headed as a rhinoceros. He being wealthy is confident, that federal law to his will can be bent. Arrogance, ignorance, delusion it takes to hold such a view he ordered Scott Frakes to help him skirt the FDA rules, booking his passage on Ricketts' ship of fools. Part nine. Into a cesspool Scott Frakes has been hurled, a shadowy, lawless, gross drug underworld.

FOLEY: One minute.

CHAMBERS: Skulking and slithering as do lonesome bugs, trying to garner illegal death drugs. Sinking so low Frakes inspires startled all, scrambling to circumvent federal law. Federal law as he must understand, holds lofty status as the law of the land. I'll stop at this point. Thank you, Mr. President.

FOLEY: Thank you, Senator Chambers. Senator Wayne, you're recognized to close on your motion to return the bill.

WAYNE: Thank you, colleagues. Again, returning the bill to allow the A bill to catch up or make the same changes that we just made in the underlying bill of LB657, I'd appreciate a green vote. Thank you.

FOLEY: Thank you, Senator Wayne. Members, once again we're on Final Reading. Please be at your desk for a vote. The question for the body is return the bill to Select File for specific amendment. Those in favor vote aye; those opposed vote nay. Have all voted who care to? Record, please.

CLERK: 42 ayes, 0 nays to return.

FOLEY: The bill has been returned to Select File. Senator Wayne, you are recognized to open on AM1883.

WAYNE: Obviously, I'm new to this process because I keep making an argument. Thank you, Mr. President. I keep making the argument about the amendment on the motion and so I'm not going to repeat what I said again, but this is just to allow the A bill to catch up with the underlying bill that we just moved a little bit ago. Thank you, Mr. President.

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FOLEY: Thank you, Senator Wayne. I see no discussion on the amendment. Senator Wayne waives closing. The question for the body is the adoption of AM1883. Those in favor vote aye; those opposed vote nay. Record, please.

CLERK: 44 ayes, 4 nays on adoption of the Select File amendment.

FOLEY: AM1883 is adopted. Senator Slama for a motion.

SLAMA: Mr. President, I move that LB657A be advanced to E&R for engrossing.

FOLEY: Motion to advance the bill. Those in favor say aye. Those opposed say nay. LB657A advances. Items for the record, please.

CLERK: Thank you, Mr. President. Announcement, first of all. The Health Committee will have an Executive Session in Room 2022 now. Health Committee, Room 2022 now. A study resolution, Senator-- I'm sorry, Senator Kolowski has LR225. That will be laid over. Study resolutions, LR226 through LR231. Amendments to be printed: Senator Slama to LB183. That's all that I have, Mr. President.

FOLEY: Thank you, Mr. Clerk. Per the agenda, move to General File, Speaker major proposal, LB720. Mr. Clerk.

CLERK: Mr. President, LB720 is a bill that has been considered. It's offered by Senator Kolterman and others. It's a bill for an act relating to revenue and taxation, adopts the ImagiNE Nebraska Act. Senator Kolterman presented his bill on May 15. Committee amendments were presented by the Revenue Committee, Chaired by Senator Linehan. When the Legislature left the issue, there was the Bolz pending amendment. Pursuant to the Speaker's order, with respect to this being a major proposal, the Bolz amendment is the first item for consideration, AM1795.

FOLEY: Thank you, Mr. Clerk. Senator Kolterman and Senator Bolz, if you would like two minutes each to refresh us on where we left off, and then we will proceed to debate on the amendment. There's a long list of senators in the queue. Senator Kolterman.

KOLTERMAN: Good morning, colleagues. Thank you, Mr. Lieutenant Governor. This is a-- it's a bill that needs to advance. Since 1987, Nebraska has had what's an incentive program. Started out at LB775 and it's now the Advantage Act. We've created 100,000 new jobs and added \$30 billion of capital investments into our state. But it's time to improve on that. You've heard three hours of discussion on it, you've heard talk on the amendment. I'm hoping we can get past that

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and go to the next amendment shortly. The important thing about this bill is it changes who is managing the program from the Department of Revenue, Department of Economic Development where we can develop better relationships. The most important aspect of it as we talked and we looked at development task force, economic development task force from this summer, we identified some principles that had to be addressed. One of them was simplicity. One of them was transparency, one was integrity, and the other was competitiveness. I want everybody to understand that this bill is based on a pay for performance model. So in other words, when somebody applies for this incentive, they don't get it until they have earned the credits where they made-- until they've made the investment. With that, I would hope that we can get past General File today. We have been very receptive to making changes. We've got some amendments. We got another amendment that we need to have heard, and I appreciate your support. The people that have been with me, I really appreciate your investment in this process and for those that haven't been with me, I would hope that you could open your eyes and take a good look at what we're trying to do here to help our state in all aspects of our state grow. So with that, thank you, Mr. President. Appreciate it.

FOLEY: Thank you, Senator Kolterman. Before commencing debate, Senator Bolz, if you would like a couple of minutes, you're welcome to it.

BOLZ: Thank you, Mr. President. Colleagues, Nebraska faces a severe challenge in terms of work force development. It has been described as a crisis by University of Nebraska president, Hank Bounds, and as a 1,000 pound gorilla by Bryan Slone, the president of the Nebraska Chamber of Commerce and Industry. Colleagues, in many way this is a placeholder amendment, or planting a flag in terms of saying we have to start paying better attention to work force development in our state if we are ever to grow our economy. And as we are having a discussion about how we incentivize businesses to grow jobs here, we cannot ignore the fact that we need to also train up skilled workers to fill the jobs that we already have in addition to those we hope to grow. So AM1795 is simply a starting point and colleagues, importantly does not even fund the customized job training program, but does describe the customized job training program as a tool that we could use in our economic development toolbox to establish the baseline for state investments and customized job training for economic development projects that come to Nebraska by also incentivizing job training that are based on training in the community college level or result in an industry recognized credential, or otherwise provide real value to the skill set of workers working in economic development projects. Colleagues, I do hope you support AM1795. It's an important part of this dialogue and conversation. It's my understanding that Senator Kolterman would like to move forward with this amendment quickly and I support and appreciate that. I think that there are significant other challenges related to the fiscal impact and the job quality in LB720 as a whole. I look forward to that conversation and dialogue, but do ask for your support for AM1795. Thank you, Mr. President.

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FOLEY: Thank you, Senator Bolz. Debate is now open on LB720 and the pending amendment. Senator Lathrop.

LATHROP: Thank you, Mr. President, and colleagues, good morning. I support AM1795. I appreciate this being added as a component to this business tax incentive. I just want to remind the body, this is an important part of the process, that is General File gives the introducer, in this case Senator Kolterman, an opportunity to find out what people's concerns are. This is too important not to move to Select File. Whether you have concerns or not, I think it's important that we have a debate that's substantive today and that we have an opportunity for Senator Kolterman to make some changes to bring people along. That's what this process is about in General File. And with that, I would encourage your support of AM1795, LB720, and I'll yield the balance of the time to Senator Kolterman.

FOLEY: Thank you, Senator Lathrop. Senator Kolterman, 4:00.

KOLTERMAN: Thank you, Mr. Lieutenant Governor, and thank you, Senator Lathrop. I'm going to talk a little bit about what we've done to clarify some aspects of this bill that were of concern to people since the first three hours of debate. From day one, I said that this bill was a work in progress. You know, I asked for input from all my colleagues on how we make it a better bill. Based on the feedback that we got in committee, and we've done some things that I think improve this bill. We put a robust annual review process where the Speaker, the Chair of Revenue, Chair of Appropriations, the Chair of Performance Audit, the Director of DED, the Tax Commissioner, they're going to have to get together once a year and meet and review the proved credits, utilization trends, and anomalies that might come up throughout the year. This is in addition to the annual joint report and hearing from DED and the Department of Revenue to the Legislature each year. We got a lot of feedback about the original draft and how it needed to be more accessible to rural in manufacturing. So we modified that growth and expansion category to require creation of five full-time equivalents instead of ten. One job in rural Nebraska is equal to about 1,000 jobs in the Omaha metropolitan area, so lowering that threshold truly makes the program accessible statewide. To address the concerns about discrimination we've added a provision that companies must acknowledge they have no policy that violates any state and federal discrimination laws. To ensure we're incentivizing good jobs, we've added a requirement that businesses acknowledge and prove that they offer an Affordable Care compliant health insurance to their employees. And finally, many senators looked at LB605, Senator Lindstrom's bill, to establish a tax credit for bio-chemicals and felt it was valuable and set Nebraska up for the next generation of ethanol type development. LB605 has already been amended. Then we-- since the last debate, we've taken a look at the full-time equivalent pooling language. We've worked with Senator Hansen, appreciate that, the talk that we've had. And we have an amendment, AM1934, which you'll hear in a little bit that addresses that. We've also put sufficient benefit language in that kind of obligates employers provide a sufficient benefit to

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employees. We've added a social benefit corporation multiplier which you will hear more about when Senator Wishart introduces her amendment. Senator Scheer had an amendment that we talked about. We rolled that into AM1934 which you're going to hear about shortly that has-- it's called a high impact fund. It allows some discretionary money, a pilot project that would allow small towns--

FOLEY: One minute.

KOLTERMAN: --to access monies through the Department of Economic Development, say for a small machine shop that wants to open up in the state. We think that's very important. And then we've taken real property tax refund from mega project language and so-- and we made a bunch of technical changes. So, I think we've done a good job. I think we need to get past AM1795. We've talked a lot about that and we need to support that, we need to create job preparedness. Senator Bolz has done a good job with that amendment. Support it fully and then we need to move on and get it to AM1934. Appreciate all your support. Look forward to your questions as we go forward this morning. And hopefully we will have a good three hours of debate and then move this thing to Select File. Thank you.

FOLEY: Thank you, Senator Kolterman. Senator Brandt.

BRANDT: Thank you, Mr. Lieutenant Governor. Thank you, Senator Kolterman, for bringing this bill, LB720. Five hundred years ago, Shakespeare knew we were going to discuss this bill today because he stated, quote, let us look at this nothing they have so generously given, unquote. This is how LB720 feels to me. Like a retread of the Nebraska Advantage Act with a new, sexier name, the Nebraska ImagiNE Act. This is what I imagine. I imagine that the new bill will not have any hard caps to limit fiscal exposure to state taxpayers. I imagine that the new bill will suck up 3 percent of all state revenues like the old act. I imagine the Governor and the Chamber consider the new corporate welfare program to be no new taxes, the same corporations that received a 40 percent federal reduction in taxes owed on the federal side. Most people did not get a 40 percent tax break. Did you know that on some levels of the current act business does not even submit state withholding taxes taken from employees but is allowed to keep them? Would we all not like to have that sweetheart deal? We need to shorten up the pay out period by half over the current act. Any revenues required by the new program need to go through the budget, not around it as happens today. Why does the ImagiNE Act not have to raise its own revenue streams like the Property Tax Relief Act had to? If we want to target business relief so badly, then we should be willing to give in order to get. How about we start with repealing the S Corp, LLC exclusion? The \$82 million raised could be put toward the ImagiNE Act. This is an exclusion put in place over 30 years ago when the state was desperately trying to retain ConAgra. We all know how that turned out. ConAgra is gone, but we give away big money every

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year on the cost of the exclusion. Senators, ask yourself these questions. The Chamber of Commerce does not support property tax relief through the elimination of sales tax exemptions, but does support using tax dollars for this. Why do we recruit businesses to relocate in Nebraska to compete against businesses already based here? Why is this so heavily targeted toward recruitment when businesses across the state are asking for work force development? Why is this so heavily targeted toward urban areas when we need to develop rural areas of the state? I'm a farmer, a small business owner. LB720 does not help farmers or small business in any meaningful way. Agriculture is our state's biggest industry and the largest employer in the state is every business that employs one or two people in the aggregate. Imagine a program that actually helps agriculture and small business. We've had a lot of discussion this session about TIF. TIF has nothing on the giveaway this program represents. If you hate TIF, you'd better be voting against LB720 in this form. What is the rush on LB720? We could use the interim to get this right. I understand there are 19 pending amendments. There is no way we will even be able to consider one or two today, let alone 19. We as a Legislature only get a chance to review these programs every five or ten years, so let us get it right. Let us go slow and get input from all stakeholders across the state and bring a strong bill back in the short session. My e-mails from constituents predominantly say, fix the property tax problem and stop business incentives. I am talking to those listening to this debate outside of this Chamber. If you feel the same as I do, then contact your senators. Tell them to please not rush to a cloture vote. There is no need. We can fix this. We can deliver to the people what they want, tax relief and fiscal responsibility.

FOLEY: One minute.

BRANDT: We need to stop this on General File because there is no time left this year to fix this on Select. There is no fire, no make-believe urgency. Imagine bringing a program that helps the entire business community in the state. I can imagine it and will work hard over the interim with the Chamber to make it so. This is the painful truth. It will take another ten years just to pay off our existing obligations for LB775 and the Advantage Act costing state taxpayers hundreds of millions of dollars, money that could be used for K-12 education, the best work force development dollars spent in the budget. I do not want to burn this down. I want to make a great incentive program for all businesses in the state. And with that, I urge you to vote red on cloture. Thank you.

FOLEY: Thank you, Senator Brandt. Senator Ben Hansen.

B. HANSEN: Thank you, Mr. President. So, I think I have a little bit of explaining to do, maybe at myself personally about why I took my name off of LB720. I have had a lot of questions about why I did. What was the reasoning behind what I did? Being on the Business and Labor Committee and myself owning three businesses, tax incentives and business incentives are kind

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of close to heart with me, so. Some of the reasons I did take my name off of LB720 was whenever I put my name on a bill, I'm not a big fan of it being kind of a moving target with amendments being added to it, then changing and evolving. I want to make sure that it's a stable bill that my name can be behind and I'm a hundred percent behind. Also, which I think has been addressed to some extent, is with this incentive program I would like to see it be targeted more towards small-- smaller businesses. I don't think the government is very good at picking winners and losers and I like to see incentives being offered to everybody of every size. I understand the constraints that we're working under with the amount of money that we can be-- that we can use for incentives. So I do applaud the fact that LB720 has reduced the FTEs from ten to five for the lowest. I think it could be lower but I also understand again how much money we're dealing with and what we can use, so. And I was thinking a little bit more about tax incentives and whether they're needed or not even. I would personally like to see the overall tax rate for businesses be reduced as opposed to incentives, but I also view and understand that tax incentives are a little bit of a necessary evil. We have to be competitive just like any other business has to be competitive with the businesses around it. And many businesses look to see if states have taxes and programs before they consider whether or not to expand in that state. I think a good analogy that was used for tax incentives is most people know, have heard of door busters or have heard of enticements to get people into their business at first whether that's 50 percent off your first purchase, and I think that's how I kind of view tax incentives to some extent. It's getting people to look at our state, to come to our state through an incentive and then it's our job as a state to impress them. It's our job as a state to get them to stay here by the people, by our overall tax structure, by anything else that we can offer them, our culture in Nebraska. That's unique, I think. And so, I think that's where tax incentives can come in handy. And like many Nebraskans, I'm a business owner and like I said, I own three small businesses and I do like that we did lower the amount of FTEs from ten down to five. But any business like mine, most small businesses, hiring five FTEs or investing a million dollars is pretty unrecognizable. It's not going to happen. And so it doesn't help any businesses like myself. Another thing that LB720 is not, it's not as targeted as I'd like to see. We talk a lot about work force development and out-migration in this body, so what does LB720 do to retain workers in the state? Do you know what the best way to attract businesses to Nebraska is? To have the work force necessary to effectively and efficiently conduct business, this program has much more room to be people focused instead of business focused. If we target the impact that brought them to the people, developing and retaining highly skilled, highly trained workers in the state, new businesses will come, current businesses will stay, and entrepreneurs will rise from the ranks. I like to see incentive programs and incentivize the people that we're hiring. I was originally told of a company right here in Lincoln that was looking to expand its work force. This is a business that is already located in Nebraska. When the company interviewed highly skilled workers from around the country, none were willing to come here. So what did that company do? They expanded out of state. This prosperous and growing company in the same city as the University of Nebraska-Lincoln--

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FOLEY: One minute.

B. HANSEN: --could not find enough workers in the state and could not find enough workers to come here and was forced to expand out of state. I think it's a growing problem we have to look at more than anything else. People want to come to our state. Businesses want to come to our state but they can't find people to work here. These are the type of businesses we should be focused on. These are the people we should be fixing-- excuse me, these are the problems we should be fixing. Didn't sound very good. This business incentive program should be targeted toward small businesses in the state to help them grow by incentivizing them to invest in people. Do you want to grow the tax base? Grow the state. This is the best way to do it. Right now the conversation about previous tax business plans is how to minimize the damage they've done to Nebraskans and we have the opportunity to flip that conversation around and bring a plan that actually helps Nebraska become more prosperous. Let's do that. So finally, in conclusion, I am going to vote green on LB720.

FOLEY: That's time, Senator.

B. HANSEN: Thank you.

FOLEY: Thank you, Senator Hansen. Senator Erdman.

ERDMAN: Thank you, Lieutenant Governor. Little confused by Senator Hansen's comments there, but that's okay. As you know, last week when we debated this, I had a bracket motion on this bill, and it would have still been there had the Speaker not made it a major proposal. So we've tried this twice. We've done this twice, LB775 in '87 and there's 300 million outstanding in earned income tax credits there. We did it again in '05, Nebraska Advantage Act of 490 million unclaimed credits there. We don't take that into consideration. We never consider that. So I was wondering if Senator Stinner could help me understand something, if he could answer a question.

FOLEY: Senator Stinner, would you yield, please?

STINNER: Yes, I will.

ERDMAN: Senator Stinner, thank you for that. So, Senator, you're the resident expert on budgeting, so tell me at what point in time do we account for the 800 million that's outstanding on earned income tax credits that are outstanding?

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STINNER: It comes in over a period of time and I believe the Nebraska Advantage Act will come in over at least 20 years, maybe 25 years of time. It has a fairly long tail and LB720 actually moves that back to a 15 years. So we don't have that long tail on the incentive program.

ERDMAN: Okay. So my understanding is they've earned these credits already, is that correct?

STINNER: Yes, they have. Whether they turn them in or not, it's been about 80 percent, so the 480 million you're talking about, take it times 80 percent and that's probably what we'll end up paying out.

ERDMAN: Okay. Tell me why they haven't claimed these, if you know.

STINNER: You know, a lot of it has to do with the jobs and job retention requirements in it. Some of it has to do with other requirements that they may have put in place initially and then didn't comply with so there is a reduction. I know two different situations where they actually didn't employ as many people as what they said they would and so that earned tax credit that they actually put their application in, did not come about.

ERDMAN: So one other-- could one other issue come into play, they haven't made enough money to use them, would that be possible?

STINNER: Well, they probably didn't put enough jobs in place.

ERDMAN: What about just haven't earned enough income to offset it?

STINNER: Nothing in the Nebraska Advantage Act has to do with earnings. It has to do with jobs and capital improvement.

ERDMAN: Okay. So why in the Forecasting Board's analysis of what the revenue is going to be, do they not ever take into consideration how much revenue they may lose because of Nebraska Advantage Act in LB775?

STINNER: No, it is in there.

ERDMAN: It is?

STINNER: It definitely is in there, yes.

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ERDMAN: Oh. That's not the information that I had received. Okay. Thank you.

STINNER: I might have to correct myself on that. I'll go check it, but I-- what I follow is what the projected income is against budget and then I take a look at the projection for refunds against budget, so.

ERDMAN: My understanding was that's never a conversation that they have, but I could be wrong. So when we look at the incentives and the impacts they make on locations being chosen because of incentives, studies have shown that from two to 25 percent of the firms decide where to go because of tax incentives. So that means 75 percent of those firms make that decision irregardless of the incentive programs that are in place. So overly investing in incentive tax breaks pulls away revenue from services like education--

FOLEY: One minute.

ERDMAN: --and job training and also it takes away the wage growth in the community. So these incentive programs have not been shown to do exactly what they think they're going to do and we have no evidence that besides a few specific incidents where they help, that it's important. I thought Senator Brandt did a fine job explaining why he was opposed to this bill. I've not changed my opinion since last week. This is something that needs to go away. These incentives are taking tax dollars to incentivize businesses that leave us anyway. And I believe Senator Brandt spoke about ConAgra. We did that because of ConAgra, we did the Nebraska Advantage Act. And so, we continue to do things that we've always done in the past and then we get the same results and we go, can you believe that.

FOLEY: That's time, Senator. That's time, Senator.

ERDMAN: Thank you.

FOLEY: Thank you, Senator Erdman. Senator Kolterman.

KOLTERMAN: Thank you very much, Mr. Lieutenant Governor. Since we're going to be on this amendment for a while, I'm going to talk a little bit about the next amendment that's coming. I want to give a little more detail about it. You know, we've done a lot of listening. The full-time equivalent polling language is being changed. The amendment you're going to get would require that in order for the hours of a particular employee to count toward the levels or generating wage credits, the employee has to be full-time, employees defined by the Affordable Care Act. So that generally means that the employee must be offered healthcare benefits if the employer employs

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more than 50 full-time equivalents. So essentially the amendment adds the words, full-time in the definitions of the number of new employees, and then defines the term with reference to Section 4980H of the IRS Code. That IRC section currently provides that a full-time employee is an employee who is employed on an average of 30 hours per week for any given month. There's more than one definition in this section because the required wage levels vary depending on the benefits. So I think it's important to understand that we do create a lot of good jobs and one of the reasons we need to replace LB775 in the Advantage Act is simply because there are things that aren't being accomplished through that act currently. By changing the way we target the businesses that we get, we're going to know on an annual basis what our liabilities are going forward. So, we're going to-- the Department of Economic Development, if you apply for this incentive, you got to show how many jobs you've created on an annual basis or how many dollars you put in. That is for capital improvements, that has not taken place over the past. And while we know that we've generated 100,000 new jobs since its inception of 30 billion, with a b, in capital improvements, that doesn't take into account all the new jobs that are created that people go out and buy houses and invest back in their communities and things of that nature. So to say that this is a failure, I don't agree with that. And the other thing that I think is very important, everybody says well, we don't do anything for agriculture here. That's complete nonsense. Forty-three percent of the current agreements is going to 70 percent of the population in rural Nebraska. That's a pretty interesting fact. Forty-three percent is going to 70 percent of the people. Now, 70 percent of Nebraskans live in Omaha, Lincoln, and Sarpy Counties, and yet, they only get 60 percent of the dollars that are being [INAUDIBLE]. We are putting a lot of money in rural Nebraska. Let's talk about what that is. ADM, that's a huge opportunity for us to grow our state in the Columbus area. Let's talk about Bayer's Crop Sciences, my district. The Beef Products, Incorporated in Senator Albrecht's district. Let's talk about Cargill and its subsidiaries. Cargill doesn't do a lot other than employ a lot of good people for the ag sector. That's in Senator Slama's, Walz's, and Ben Hansen's district. Case New Holland in Grand Island, and Consolidated Subsidiaries. I don't need to talk about what they're doing out there. Central Valley Ag, nobody knows who that is. That's a company that has their corporate offices in my district, but they also have Albrecht, Scheer, Gragert and Briese. Chief Industries. Senator Halloran, Chief Industries in Lincoln, Grand Island--

FOLEY: One minute.

KOLTERMAN: --they're growing. Senator Dorn, E Energy Adams, LLC. Evonik Corporation, Ben Hansen. Flint Hills Resources, Fairmont, Nebraska. Senator Brandt, I believe that you probably haul some of your grain to them. Gavilon, Hughes has some in his district, Omaha and Bellevue and then Greater Omaha Packing. There's all kinds-- I could go on and on, but 43 percent of the money that is spent currently is going to rural Nebraska. So to say that we're not doing our share for rural Nebraska is totally disingenuous. We are doing our share and I'm here

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to tell you that we need to grow our whole state. I think we're doing a good job of that. I don't think we're wasting money. I don't think 3 percent of our budget--

FOLEY: That's time, Senator.

KOLTERMAN: --is anything. Thank you very much.

FOLEY: Thank you, Senator Kolterman. Senator Williams.

WILLIAMS: Thank you, Mr. President, and good morning, colleagues. I'm excited to be here today. I'm excited to talk about the future of our state and where we're going and why we need to take action today and move this forward. I don't have any intent on working towards taking our state backwards and that's what inaction would do today. And why do I care about this so much? It's because of my experience. I've had the opportunity to work with communities across our state and use LB775. I've had the opportunity to see communities stabilize their existence and move from just surviving to thriving by the use of Nebraska Advantage. I've also witnessed those programs come to the point where they don't provide the kind of protections that are built into LB720 and they don't recruit the kind of jobs that we need to continue recruiting now. High-wage jobs in particular to our rural areas. Twenty-six percent of the projects that we have incented are in value-added ag. So making a separation that this does not support our state's number one industry is simply wrong. Look at the names. Senator Kolterman listed them. Syngenta, Central Ag, Lindsay, Reinke, those are local companies. Costco, the ethanol facilities, all of which directly benefit agriculture, and 43 percent of the projects that have been funded are outside of Lincoln and Omaha. I'm disappointed by the fact that we have ag groups that are trying to pit economic development versus property tax. They are not mutually exclusive. There is no reason that this body can't do both. I am fully supportive of property tax reform and addressing that issue, but I also know that if we are not open for business and grow our state, we can't move forward. We currently have a sunset facing us and that's like hanging the "we're closed for business soon" outside. Businesses that are looking to expand, whether they're already in our state and looking to expand, or companies that may come here, demand certainty. They plan ahead. They don't plan six months in advance for major projects. They plan years in advance. We are incredibly fortunate to have Dave Rippe on board at DED. And the work that he has done in working with our existing stakeholders to understand what our needs are for economic development today are important and they're built into LB720 and the amendments that we are looking at. We don't need to study this. We don't need to take that time. I heard that argument on something yesterday and I would make that argument today. There's been lots of hard work put in on this. Senator Kolterman has worked extremely hard, but others in the background have worked with the idea of growing our state and also supporting property tax

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reform. This is our opportunity to continue growing our state, recognizing that we can make a difference--

FOLEY: One minute.

WILLIAMS: --and recognizing that we can move things forward. Thank you, Mr. President.

FOLEY: Thank you, Senator Williams. Senator Murman.

MURMAN: Thank you, Mr. President. Property tax relief for all Nebraskans should be our biggest concern this session. For years this issue has been getting worse. The last Legislature did not pass a comprehensive and substantial relief plan. I know that many of us, including myself, were elected solely based on the promise that we do our best to accomplish property tax relief. If LB720 passes, we are disregarding what the state of Nebraska needs. Our constituents are struggling. Creating a new tax incentive program is not our number one priority. What we need is property tax relief if we really want to grow. Some of you may ask, why the focus on property taxes? It's because people are so worried about paying their property taxes, they don't have the money to do much else. Property tax relief would encourage huge economic development all over our state. And I'll repeat, property tax relief would encourage huge economic development all over our state. The money that citizens would save from property tax relief could be spent in our communities whether that be shopping at the local grocery store, eating at local restaurant, or supporting the small businesses that just opened by somebody who was planning to return to the community because they want to be closer to their family. Our constituents are burdened with high property taxes and they have been very vocal in sharing their concerns. A constituent from Minden e-mailed me just this morning with his concerns. And I quote. It would be shameful for the Legislature to give away hundred of millions of dollars per year in corporate tax breaks and business incentives this session and do nothing to provide relief to property taxpayers. The needs of Nebraska families should come first. End quote. Our goal this session should be to pass a plan that gives substantial property tax relief before we give out business incentives. By passing LB720, we're not doing that at all if we don't do property tax relief first. If we passed LB720 before we deal with our property tax crisis, we are turning our backs on Nebraska homeowners, agriculture producers, and business owners. Colleagues, I urge you to think about this decision. We need to think about our priorities as we talked about yesterday, and how they affect our constituents across the state. I ask you to help provide property tax relief for citizens before we incentivize corporations. Thank you, Mr. President.

FOLEY: Thank you, Senator Murman. Senator Lindstrom.

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LINDSTROM: Thank you, Mr. President. I rise in support of the underlying amendments and LB720, and I want to commend Senator Kolterman on his work. We have discussed this issue since the beginning of the session and working with different parties and different groups to get it to where it's at has definitely been a journey but I think it's a good bill and deserves to be passed this year. When it comes to our incentive packages, you know the issue comes up with property taxes versus incentives and I think Senator Williams alluded this. It doesn't have to be and/or issue. It can be an and issue. We have tried to tailor this incentive package to deal not only with the urban areas but also the rural areas. The portion of my bill, LB605, deals specifically with renewable chemicals, companies like ADM, Frey, Catalytic, DSM, Evancec, and others, and if anybody wants to come back and read a little bit more about what those particular industries and companies are doing that are moving the ball forward in the next generation of what the ethanol plants can produce. And like I said in the last time this bill was up, there's about 24 ethanol plants, not one located in Omaha and Lincoln. The fact of the matter is companies today in this day and age are very mobile. And we're looking at their bottom line, looking at not only the corporate tax, individual tax based on how they're structured, they're also looking at incentives. And the fact is, we compete every day and if we're not bringing stability to those companies that are domiciled here and are recruiting companies when they're making those decisions that are a year out, five years, ten years and further out, we are playing a dangerous game in the economy that we're trying to create here in moving the ball forward. I will continue to stand in support of property tax. I have supported the bill that had come out originally, LB289, and will continue to do so. Like I said, it's not a/or issue. We can do both and we need to do both, both business community and particularly the rural community and ag community are struggling and hurting and we need to address that. So, again, colleagues, I stand in support of the bill and we'll have some more discussion on this today but I urge you to support LB720 and put Nebraska on the next line of prosperity. And with that, I'd yield my time to Senator Kolterman.

FOLEY: Thank you, Senator Lindstrom. Senator Kolterman, 2:15.

KOLTERMAN: Thank you very much. I appreciate your support, Senator Lindstrom, and thank you, Mr. Lieutenant Governor. I'm going to talk a little bit more about the next amendment that's coming up. There's an amendment that was brought to me by Speaker Scheer. We've rolled it all into AM1934, if you want to go look at it, it's filed. But what it does it's called a high impact fund for those of us in small communities that really want to grow and help our communities from an economic development perspective. It adds a high return on investment projects through a discretionary fund. It's a start-up project, about \$2 million will go into it. It's for businesses, small businesses that don't qualify for the Nebraska ImagiNE Act. It's in counties with less than 40,000 inhabitants. It's got a high rate return of investment analysis by the Department of Economic Development who provide the recommendation to the Oversight Committee. The Oversight Committee in that has the authority to authorize the high impact projects up to 2 million in total projects annually to start with, and the Oversight Committee includes two

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persons from local economic developers, two persons representing counties or municipalities, one person representing business appointed by the Governor and approved by the Legislature.

FOLEY: One minute.

KOLTERMAN: The Chair of Revenue, the Chair of Appropriations, the Speaker, shall all serve as nonvoting members. That came at the request of Speaker Scheer. He felt like it was important for those that don't have five-- can't get five full-time equivalents in a smaller town, let's use as an example, Grant. Maybe they want to open a machine shop, they want to hire two people and make an investment of 100,000-- 250,000 in community, there's a place they can go for that. That really helps our small communities. It's a pilot project but I think it could be very substantial in the future, but we are listening-- we are listening. And I'll talk some more when I get back to my turn on the mike here. But I appreciate the concerns of the property tax people. I would challenge you to consider the fact though, I'm on Revenue. I supported every bill that came to this floor that talks about property tax relief, and I will continue to do so.

FOLEY: That's time, Senator.

KOLTERMAN: Thank you very much.

FOLEY: Senator Matt Hansen.

M. HANSEN: Thank you, Mr. President, and good afternoon, colleagues. I rise in support of the Bolz amendment and in continued support of negotiations on LB720. I guess I'll put it that way. I wanted to thank the Chamber, Senator Kolterman, and a number of different senators, Senator Wishart and others, for their work and their work with me in some of my concerns, especially in the past, really 48 hours. We had a very productive meeting in Senator Kolterman's office yesterday morning talking about some of the issues that I and other senators had with this bill. I had introduced an amendment addressing the pooling of full-time employees in following our conversation with Senator Kolterman and others in the Chamber and Department of Economic Development. That has been rolled into Senator Wishart's amendment that I understand we'll get to-- or we'll try to get to soon. And as I understand that, so the problem is the underlying bill was you had to have full-time equivalents, so over the course of a year, you had to whatever threshold you had to meet of employees, you had the people work, that many employees times 40 hours a week times 52 weeks a year, but that could be split among many different part-time employees. And here, as we have written it, still have to hit that minimum number of hours but the only employees that can count to that hours is-- are full-time employees and defined as under a federal statute as 30 hours and that's related to health insurance. So you could still need to get to the full pool of hours but you can't necessarily count part-time employees. And the reason that

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was important and the reason we worked on it with the department and some of the department had some concerns is in terms of tracking is, how do you deal with turnover? If somebody has a full-time employee that works for six months, they leave, there's, you know, a two, four-week vacancy and somebody else finishes out the last five months, you know, do those hours count, do those hours not count. It's not the company's fault that maybe an employee left or took a different job. They created the job, the position was there, but it wasn't necessarily filled all 12 months. And this is the way to accommodate that while still not allowing necessarily bundling of part-time, half-time, other employees. I'm really appreciative that we worked together and got to that. I'm still working through the Wishart amendment, but that's as I understand it and ties into a definition-- a federal definition of full-time employees. That being said, with LB720, and I feel I have been very clear with this with supporters, Senator Kolterman, I do feel the real strong need to have fiscal caps and that is one of the last things we are talking about in terms of what to move forward with LB720. And from my perspective, it's a little bit of just the volatility of the expense of a program like this. And I approach it from, not on Appropriations Committee, not on Revenue, just from a general scenario. I think about the priorities that I have, the priorities that my district has, the priorities that supporters, constituents all have, and the difficulty we've had in this body to not be able to pass bills with the General Fund impact. I appreciate that we have taken a high standard. The high standard overall is probably very good. But when we have an issue, say that we know is coming, that we know we're going to have to deal with, you know we're going to have to do something to fix our mental healthcare in the state but at the moment we don't really have any extra additional money for the floor to pass a bill that has a General Fund impact. When we're operating under those constraints, I think then making sure that when we have something that could be potentially very volatile and could potentially vary in terms of its fiscal impact to us as a state, us as our budget, we need to have some sort of cap and constraint to make sure that we have predictability and can build upon that for the future. That's just off the top of my mind, that's why it's important to me. Our difficulties as a body, having going through some good years and lean years in terms of revenue and budgets, knowing or at least having a good guideline of what the impact of a tax incentive plan like this is incredibly important to me and that's one more thing I'll be looking for in order to make sure LB720 advances forward in the best possible shape. And with that, I will yield the remainder of my time to Senator Kolterman should he need it.

FOLEY: Thank you, Senator Hansen. Senator Kolterman, 25 seconds.

KOLTERMAN: Thank you very much. I'd like to talk a little bit about property tax relief. I was wondering if Senator Linehan would answer a question, very briefly.

FOLEY: Senator Linehan, would you yield, please?

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LINEHAN: Yes.

KOLTERMAN: Senator Linehan, I served on the Revenue Committee with you and I appreciate the fact that we waited to get this bill out behind property tax.

FOLEY: That's time, Senator.

KOLTERMAN: Thank you.

FOLEY: Senator Stinner.

STINNER: Thank you, Mr. President. Members of the Legislature, I want to-- first of all start out with setting the record straight on the Forecasting Board. They do consider the tax refunds portion of this and then fiscal takes whatever those projections are and does a rate-based calculation, which means all that tax legislation that we do is considered in and then Appropriations deals with that, and that is presented in your budget book, so I wanted to clarify that. LB720 is probably the most critical legislation that I faced over my five years and that you probably will face. And the reasoning is, do we need incentives? Well, this is a competition, folks. There's competition between states. If everybody got rid of those incentives we'd have a little bit different story but that is not the case. We have two object lessons. One is the Governor's-- one, the Governor's Cup two years in a row. Incentives had a part of that. The other object lesson is, do we really need to have incentives, wouldn't they have located here before? Object lesson number two. Think of New York City. Think of Amazon, \$8 billion. The locals say, hey, you don't need that. And, of course, Amazon could have wrote a check out for \$8 billion and probably located there, but they didn't. They walked away. Even though the locals had an analysis that showed \$8 billion of incentives yields you 26, 28 million-- billion in benefits. They walked away. Incentives are important. Let's get that straightened out. Let's just walk through our history. I love history. I like looking back because I think we had some smart people in this Legislature. Interestingly, in 1987, the original base for incentive act, LB775 was passed, approved 37-11-1. Ag, business and labor supported that. The state was in crisis. Other states were calling on our companies and asking them to move their companies. We were losing people in jobs which means that we were losing wealth, taxes, and investments. Communities were begging for incentives that would help stop the border bleed and bring jobs and investment to Nebraska. Move fast forward, 2005, LB312, Nebraska Advantage Act was passed 45 to 3-- 45-3 because they knew what incentives were doing, they knew that it stopped the hemorrhaging, they knew that we needed to move this state forward. And again, ag, business, labor supported because they understood the needs for jobs brought us more in line with what other states were doing. As a result of the jobs and investment, Nebraska weathered some downturns better than other states and we are able to invest in education and invest in many programs. Now we're fast

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forward again. We're trying to update. We're trying to better our program. LB720 will do that. It's more focused and more relevant. All I want you to do now is turn to your budget book and take a look at 20 years back. Reflect back. Two billion dollars was our total receipts, 1996-97. We're at 4.5 going on \$5 billion of projected, and I will submit to you incentives were a part of that. And if you don't believe that, believe the revenue report that came out. Nebraska Advantage Act projected revenue gains and losses for the tax years 2018 to 2027. Over \$100 million are generated in economic activity to help support the growth of our state. Take that over \$100 million per year and it adds over a billion dollars in ten years of additional revenue support. And for the people who believe in tax-- and I am all for tax reform and--

FOLEY: One minute.

STINNER: --certainly property tax. Look at what we're doing within the budget. We are taking the growth of our state and recasting sales and income tax into property tax relief. So if you're not for this expansion, if you're not for revenue growth, if we haven't connected those dots, you better start. The report done by DED talks about Becton Dickinson. Look at it. Twelve million dollars over ten years will come in in property taxes to the county. Is that not property tax relief? Is it not part of the strategy for property tax relief expanding that tax base? That is property tax relief. And to put that in to this formulation and looking at what the ag groups are doing with their e-mails, they just don't understand connectivity. That's where we have to be statesmen, that's where we have to say, whoa, we need LB720.

FOLEY: That's time, Senator.

STINNER: We also need property tax relief. Thank you, Mr. President.

FOLEY: Thank you, Senator Stinner. Senator Linehan.

LINEHAN: Thank you, Mr. President. I'm supporting LB720 and the amendments. And first, I want to give a shout out to Senator Kolterman. Senator Kolterman has worked incredibly hard this year on the Revenue Committee. He helped draft and helped negotiate and worked with the whole committee on the property tax relief bill, LB289. He waited until that bill got out of committee before he had-- we even execed on LB720. He has been supportive of both. We need to do both here. We need property tax relief and we're going to talk about that this afternoon or sometime this evening, whenever we get to it, and we need this incentive bill. I-- Senator Chambers unfortunately isn't here, but I remember very clearly one day before I had a meltdown here, he called me a very optimistic person. I am very optimistic. I believe that with 49 senators here can figure out a way forward. We've got two good bills here. The incentive bill incentivizes better-paying jobs than the program we're using now. They have-- we're ensuring the employees

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have to have health coverage. I remember one of the first meetings I had with individuals over this bill, I requested that every job that was created here, you wouldn't create jobs where their children ended up on CHIP. And they've answered that call. This is a much improved bill of what we have today. So being against this means we're going to be stuck with a bill that is not as good as this bill. We need to move forward on LB720. This afternoon we need to go back to LB289 when we're up-- Senator Briese's bill is up. We can do both here. What we have to do is, we have to look at the big picture, the whole state, and be state senators. Not senators for this group or that group or for this school district versus that school district, we need to look at the big picture and ask everyone to do what's right for the whole state. LB720 is important for all the reasons Senator Stinner just said. It does generate revenue which is what we need to help address property taxes. It all goes together, folks. We can't pick and choose. So, again, I also want to thank Senator Lindstrom who has worked hard on this and he's been very productive. And the other Revenue Committee members, we've worked really hard and now we're all tired and we're at the end but we need to catch our second breath and get this all done. I think we can do that. So, I would yield any of the rest of time, if I have any, to-- back to Senator Kolterman. Thank you.

FOLEY: Thank you, Senator Linehan. Senator Kolterman, 1:40.

KOLTERMAN: Thank you very much. I appreciate those kind words, Senator Linehan. She's right, we have worked very hard and we are all getting tired. We're on the 80th day. But this is important legislation just like property tax is important-- well, property tax reform is important legislation. You know, LB720, when we brought this bill, I was honored that somebody would think that I could carry a bill like this. And as I thought about it and I have listened to people, I'm finding out just like our state slogan, Nebraska is not for everyone, LB720 is probably not for everyone. I get that. But the reality is, we've had significant growth in this state as a result of LB775 as well as the Advantage Act, but they're outdated. We need to improve on them. We've done a lot of listening. We've done a lot of taking a look at what's good, what's bad. We are working on a cap. People need to be aware of that. I'll talk more about that when I get back up and have more time. But we're doing all that in good faith because we think that this is important legislation. If you can't support it, I understand that. But it is good for Nebraska and I think that by passing this legislation, we can spend more time then on property tax relief and I think they go hand in hand. I appreciate that. Thank you very much.

FOLEY: Thank you, Senator Kolterman. Senator Hilgers.

HILGERS: Thank you, Mr. President, and good morning, colleagues. I rise in support of LB720 and I want to piggyback off of Senator Linehan's comments and I will say for Senator Kolterman that if he thought that-- he questioned whether or not he would be the right person to bring this

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legislation, I would think that he's probably the best person to bring this session. I think Senator Kolterman over my years here in this body has shown a consistent track record of doing all the right things, working in good faith, listening, collaborating, putting his ego aside to get the best legislation. So if LB720 passes-- I hope it passes. I hope it passes this year. I think Senator Kolterman, you're due all the credit for the work that you've done on this bill. I think incentives and the incentive package, in particular in LB720, is necessary in the world in which we live currently. I actually think that there's a world in which we could live where we wouldn't need to have incentives. I actually think there are better ways to stimulate economic development. I think with a lower tax code, a more sane tax environment where people could keep more of their own money that encourage more business development, more business growth, more hiring, I think we could grow a lot of businesses and we could grow the state in a much more efficient and effective way. We don't, unfortunately, live in that environment and we live in an environment in which I believe our tax rates are far too high, our tax burden is far too high, and we have regulatory burdens and hurdles to business formation and to growth. We don't live in that environment today. We also don't live in an environment, unfortunately, in which there are not 49 other states competing against us on the incentive front. And I do have concerns that some of this in some areas is getting a little bit out of control. But we don't live in a world in which there are sane federal guardrails or otherwise that help make sure that these are more focused and we're not competing with other states in a way that sort of doesn't have any kind of guardrails or restrictions. We don't live in that world. So in the world in which we live, we need to have incentives and we need to have incentives this year. Now, Senator Kolterman has gone over in detail what LB720 has done, what the amendments do and I would defer to him on all that discussion. I agree with him, it is an improvement over where we are today in a whole bunch of different fronts. But I do want to focus on one thing in particular on my time on the mike this morning and that is the idea that we can wait until next year. It is true that the Advantage Act does not expire until next year. That is absolutely true, there's no doubt. And if you think that you don't want to have an incentive package and you think that we ought not to do this on a matter of principle, philosophy, or because we haven't done anything on property tax yet, I can't answer that. But if you think that we shouldn't do something this year because we can do it next year, for those people who are taking that position or sitting in that seat at this moment, I would challenge you and I would encourage you to rethink that position. Because if we don't do it this year, yes, the technical matter, the Advantage Act will be up next year but as a practical matter, we will lose out. We will be written off of project lists before we ever have an opportunity to pitch. And the reason is, is companies that are taking advantage of these incentives, large corporations don't act on a 15-day, 30-day, 60-day time horizon. And for big projects, when you're talking about purchasing real estate, long-term developmental time horizons, those aren't in large circumstances often a year or less. So you're talking about people who are making decisions for 2021 now. They're not going to make them in February of next year. And if they can't look at Nebraska and say with certainty that, yes, Nebraska will have a program in place that we might be able to take advantage of, then they'll write us off the list. So if, philosophically,

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you're of the position that look, we shouldn't have these and I don't support them and I'm not going to support LB720, on that ground, I respect that position. I disagree with it, but I respect it and I understand it. But if you think that we ought to wait a year because we can, I would urge you to consider the fact that I don't think that we can. I don't think that we can wait another year because if we wait a year, we will delay it, but really we will have projects that will be denied because we won't have the opportunity.

FOLEY: One minute.

HILGERS: We'll get taken off those lists. Thank you, Mr. President. With whatever time, I'd yield to Senator Kolterman.

FOLEY: Thank you, Senator Hilgers. Senator Kolterman, 50 seconds.

KOLTERMAN: I'll waive it.

FOLEY: He waives the time. Senator McCollister.

McCOLLISTER: Question.

FOLEY: The question has been called. Members, as a point of reference, we had about 16 speakers the other day and another dozen or so this morning, that strikes me as sufficient debate. Do I see five hands? I do. The question is, shall debate cease? The question for the body is, shall debate cease? Those in favor of ceasing debate vote aye; those opposed vote nay. Senator Kolterman. Have you all voted who care to? Record, please.

CLERK: 28 ayes, 13 nays, Mr. President, to cease debate.

FOLEY: Debate does cease. Senator Bolz, you're recognized to close on your amendment.

BOLZ: Thank you, Mr. President. To refresh everyone's memory, we are voting only on AM1795. AM1795 establishes the criteria for the Customized Job Training program. We've previously funded the Customized Job Training program but not had the criteria in statute. The criteria established is in line with what's currently being used by the Department of Economic Development but does add value and quality by establishing that job training provided through state resources must be provided by a community college, must meet industry standards and must provide value to the workers who are participating in that training. I would appreciate a

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green vote on AM1795 and I appreciate the continued discussion and conversation on LB720. Thank you, Mr. President.

FOLEY: Thank you, Senator Bolz. The question for the body is the adoption of Bolz's amendment, AM1795. Those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record, please.

CLERK: 28 ayes, 10 nays, Mr. President, to adopt Senator Bolz's amendment.

FOLEY: AM1795 is adopted. Mr. Clerk.

CLERK: Mr. President, the next amendment as ordered by the Speaker and communicated to me, Senator Wishart, AM1934.

FOLEY: Senator Wishart, you're recognized to open on AM1934.

WISHART: Thank you, Mr. President. I rise to present AM1934 for your consideration. AM1934 clarifies that in order for the hours of a particular employee to count towards meeting levels of generating wage credits, the employee must be a full-time employee as defined in the Affordable Care Act. That generally means that the employee must be offered healthcare benefits if the employer employs more than 50 FTEs. Essentially the amendment adds the word full-time in the definition of the number of new employees and then defines the term with the reference to Section 4980H of the Internal Revenue Code. And that IRC section currently provides that a full-time employee is an employee who is employed on average 30 hours per week for any given month. We are also providing that a qualifying company must offer sufficient benefits to their employees. So Senator Hansen, when you discussed rightfully so that we need to be supporting individuals in this contemporary reform of the Advantage Act, this is a portion that I think you'll be excited about. So the benefits to include mental and dental insurance plans, pension, retirement, and profit sharing plans, childcare services, life insurance coverage, vision insurance coverage, disability insurance coverage and any other nonwage compensation as determined by the board. The Department of Economic Development, if necessary, will adopt rules determining what constitutes a sufficient benefit package. AM1903 also provides a 1 percent multiplier for social benefit corporations as defined in Nebraska Statute 21-403 and I'll explain that in a little bit. And then AM1934 incorporates Senator Scheer's amendment which creates a high return on investment projects discretionary fund. These are for projects that do not qualify for Nebraska ImagiNE and are limited to counties with less than 40,000 inhabitants. We are targeting businesses that have high return on investment based upon an analysis by the Department of Economic Development who provides a recommendation to an Oversight Committee. This Oversight Committee has authority to authorize the high impact projects up to two million in

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total projects annually. The Oversight Committee is made up of two persons from local economic developers, two persons representing counties or municipalities, and one person representing business. Appointed by the Governor and they will be approved by the Legislature. The Chair of the Revenue Committee, Appropriations, and the Speaker shall also serve as nonvoting members. In order to pay for this, we are striking out the real property tax refund incentive under the mega project category to remain within our fiscal constraints established under this program. Lastly, AM1934 removes the e-clause and sets an operative date of January 1, 2020. Fixes language for the extremely blighted multiplier incentive and fixes the cash fund language where the administrative fee will be deposited for the ImagiNE Nebraska Act. And I did want to quickly say the benefit corporation for those of you who are not familiar, this was an addition that I brought to Senator Kolterman and true to how he has been on this entire bill, he was open to it and supported it. So for those of you who don't know, a benefit corporation is a new class of corporation that voluntarily meets rigorous standards regarding corporate purpose, transparency, and accountability. The focus of these companies is on providing community benefits in addition to creating wealth for stockholders. So this is a really contemporary form of company. A lot of people when they think of benefit corporations on the national level, they think of Patagonia or TOMS shoes, and the goal is that we would be adding an incentive for these types of corporations to incentivize companies to think beyond success just for their shareholders, but success is also a mission driven purpose that goes to support the social well-being of their employees and their community and the environments. So we have seven benefit corporations in our state. Firespring, for example, here in Lincoln is one of them and if we pass LB720 with this amendment, we would be one of the first states in the country to include as an incentive a social benefit portion of our incentive package. With that, I will yield the remainder of my time to Senator Patty Pansing Brooks to further discuss what a benefit corporation is. Thank you.

FOLEY: Thank you, Senator Wishart. Senator Pansing Brooks, you've got 5:20.

PANSING BROOKS: Thank you, Mr. Lieutenant Governor. Thank you, Senator Wishart. I just stand in support especially of this part of the bill, and also of Senator Kolterman's fine work on these efforts that he's making. I know it's a controversial bill for many people, but I think the ultimate good that's being done is really important. So in 2014, as Senator Wishart said, we passed the Nebraska Benefit Corporation Act. Thirty-five states have since done the same thing and have passed similar legislation. Again, as she said, there are seven registered benefit corporations in Nebraska. Gallup has done a study of millennials and it shows that millennials are attracted to businesses who are doing good. That they are imbued within their economic strata is good work. So it's different from corporate giving when I explain it to people because we all know about corporations that when they're having a good year, they will give some money off the top, but if they have a bad year, the corporations stop giving a corporate donation because they're just hunkering down. Well, as Senator Wishart mentioned, with companies like Patagonia

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that's sustainably sourced, or TOMS shoes, if they have a bad year, they're not going to quit their giving because it is all within their whole economic strategy. So they're not going to stop giving the pair of shoes for every pair they buy. They're going to look at other ways to do it. Gallup continues to show that 75 percent of the millennials are interested in business with beneficial social business purposes, and that are looking at matters beyond maximizing the profits. They are structurally different from a regular corporation because the bylaws require that the directors and officers promote a social benefit of the business rather than just looking at the bottom line. It's both. So these are for-profit corporations. The Benefit Corporation Act protects officers and directors from liability if they're trying to promote a benefit in addition to maximizing their profit as part of their duty. So, basically the benefit corporation must be creating a general public benefit. There must be a positive impact on society and society's environment. It may have a-- it may have a specific public benefit, for example, improving public health or providing low-income housing. Those are "mays". But the bylaws must consider the shareholder's returns and the ability to accomplish the general public purposes and interest of the employees, the customers, the community and social factors. So it's a whole new way of looking at business and doing good. The final requirement is that they must file an annual report to shareholders, the public, and the Secretary of State regarding the effort to pursue the public purpose. So I think this is a new world of business. We just had the first ever conference in the Midwest was this past week. And we had national speakers who came in from all over and we're thrilled that this was starting in the Heartland. It's not that it's starting but that the movement is gaining momentum here in the Heartland. It's really been sort of a coastal effort to date. So, I'm really excited because I think it's a way to attract millennials. They felt it was wonderful to have this beginning in the Heartland, this giant movement in the Do More Good Conference. And I could not be more pleased to have this added so that we can stand out and attract millennials and get people to move here because of the good that we are doing in business. Thank you, Mr. Lieutenant Governor. Thank you, Senator Wishart.

FOLEY: Thank you, Senator Pansing Brooks. Members, we had 31 speakers speak to the Bolz amendment. There's still a long queue. We're going to keep the queue intact over the break. Items for the record, Mr. Clerk.

CLERK: Mr. President, Enrollment and Review reports LB323, LB323A, LB334, LB334A, LB460, LB468, LB492, LB511 and LB592, LB686, LB686A, LB690 all reported correctly engrossed. Study resolutions, LR232 through LR234.

Senator Albrecht would move to recess the body until 1:30 p.m.

FOLEY: Members, you heard the motion to recess. Those in favor say aye. Those opposed say nay. We are in recess.

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RECESS

FOLEY: Good afternoon, ladies and gentlemen. Welcome to George W. Norris Legislative Chamber. The afternoon session is about to reconvene. Senators, please record your presence. Roll call. Mr. Clerk, please record.

ASSISTANT CLERK: There is a quorum present, Mr. President.

FOLEY: Thank you, Mr. Clerk. Do you have any items for the record?

ASSISTANT CLERK: There are, Mr. President. New interim study resolutions: LR235, LR236, LR237, and LR238 by Senator Lathrop; and LR239 and-- LR239 by the Health and Human Services Committee; LR240 by Senator Cavanaugh. Those will be referred to the Exec Board. That's all I have at this time.

FOLEY: Thank you, Mr. Clerk. (Visitors introduced.) Continuing discussion on LB720 where we left off, Senator Briese.

BRIESE: Thank you, Mr. President. Good afternoon, colleagues. I'd like to thank Senator Kolterman for his hard work in putting together this package, LB720. And I'd like to thank everyone else for their efforts to make this a better bill. And with it, like with any incentive program, whether we're talking the Advantage Act, the ImagiNE Act, TIF, other tax credits, the question is always, is this a win for our taxpayers? Does the incentive actually cause and create sufficient investment in employment to outweigh the forgone revenue? That truly is a question when we evaluate incentives or tax credits, whether we're talking any program. It is a difficult question to answer, extremely difficult. We deal with that in the Revenue Committee all the time. You know, is this actually going to achieve the results? Is this going to be worth the bang for the buck for our taxpayers? And it's a tough question to answer. And so here we have to ask ourselves, can the greater transparency and accountability created by LB720 help to ensure that this is a win for our state? And clearly, there are some things that can be done to improve this bill, and I'm sure we're going to hear more about some of these things today, and I look forward to the discussion. But with that said, there's no way I'm going to support a business incentive program without simultaneously enacting substantial property tax relief. Now I read an article the other day where someone suggested it's irresponsible to tie property tax relief to business incentives. And I'll tell you I don't agree with that. I'll tell you what's irresponsible. It's irresponsible is to prioritize business subsidies over property tax relief for everyday Nebraskans. It's irresponsible to once again fail to deliver on substantial property tax relief. Farm Bureau tells us that ag producers have the third highest property taxes in the country. Other organizations tell us we have the fourth highest residential property taxes in the country. Property taxes are forcing

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red ink on to the bottom lines of our ag producers. Property taxes are forcing young couples out of the housing market. We have a property tax crisis in this state; we have to address it. And if you don't believe me, I'd invite you along to some town halls this summer. We can go out in my district and talk to some main street business folks who will tell me and tell you how property taxes, exorbitant property taxes are choking off economic growth in their communities. And we can talk to ag producers choking on red ink, some of whom are being driven off the farm or ranch because of those property taxes. Then we can go to the city and we can visit with some of the homeowner-- homeowners faced with a 30 to 40 percent of their house payment being comprised of property taxes. We can talk to young couples, young urbanites forced out of the housing market because of their property taxes. And then we can go talk to business executives, who will-- some of whom will tell us it's difficult to recruit employees to this state because of housing costs inflated by some of the highest property taxes in the country. If we want to grow our state, if we want to encourage economic growth in our state, we need to start with property tax relief. We have to reduce our reliance on property taxes. And I submit to you that our overreliance on property taxes are impeding economic growth in this state much more than any need for business incentives. So what do we do about it? Should this become a package deal? Should LB720 be combined with property tax relief: business incentives coupled with property tax relief? Food for thought. It could be a win for our business community. It can be a win for everyday Nebraskans. So I'm not going to support LB720 here. The priority must be property tax relief. Every-- everyday Nebraskans expect it to be the priority. Property tax relief must at least be of equal importance to business incentives.

FOLEY: One minute.

BRIESE: And I would yield the rest of my time to Senator Kolterman if he would so choose. Thank you, Mr. President.

FOLEY: Senator Kolterman, 40, excuse me, 50 seconds. He waives the opportunity. Senator Hunt.

HUNT: Thank you, Mr. Lieutenant Governor. I rise in support of the Wishart amendment and in support of continued negotiation on LB720, and I totally recognize and admire the hard work that Senator Kolterman has done on this to help businesses in our state, to help workers in our state, and to work with so many other people in the body to improve this bill. I'm going to take this in a little bit of a different direction. I am a business owner. I used to be a wedding dress designer for about eight years, and worked with hundreds of brides a year and had a big staff of people that did that. Later I owned a coworking space. I managed a work space in north downtown Omaha, and today my focus is a clothing store in midtown Omaha that I started in 2012. By a lot of measures, my company is very successful. I have a wonderful business partner

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and staff who are working hard and running things just fine so I can focus on my work here for the state of Nebraska. We have a few investors. We have devoted customers all over the world. And we enjoy great press and publicity for everything we do. We have a great presence in our community as a center to gather advocates and activists and organize around issues, and we also organize support for local nonprofits and organizations through fund-raising, letter writing, whatever people need, which is a reason why I'm so supportive of this amendment for adding B corps to this bill. And as a single parent, I feel very successful because I'm able to model values to my daughter that I think are important, self-sufficiency, independence, leadership, community engagement. And I have the flexibility and the freedom to do that and take care of her on her schedule as a business owner, which is really great. But honestly, by a lot of other important measures, we're not very successful. Financially we break even. A lot of businesses are that way. We don't have the revenue to offer benefits to our workers so many of them have second jobs. A lot of them have third jobs. I don't have health insurance because we can't afford to provide it, and I'm not married so I don't have a spouse whose plan I can be on, and I'm in the Medicaid gap. While I'm here I don't pull a salary from my company because I wanted to give a raise to the workers who are picking up the slack while I'm gone. So all these triumphs that I described as a business owner are amazing and they're real and the reason why I do that job instead of working for someone else, because to me it's worth it, but I also know that my experience as a business owner is really, really, really common. You feel important to your community, you believe in what you're doing, you make a difference to your workers, but you don't get rich doing it. And that's reality for a lot of small business owners. So as a small business owner, this is how I see the business climate in Nebraska, and this is how I see my role in it. One, Congress just passed a ton of corporate tax incentives which cost taxpayers \$3 trillion at the federal level. Our Cash Reserve Fund in Nebraska is scary low. This economic incentive idea costs upwards of \$150 million a year to Nebraskans with no caps. My economic incentive ideas, which are raising the tipped minimum wage, LGBTQ workplace protections, SNAP, Medicaid expansion, these things are much more affordable to Nebraskans and they help small business owners like me in really measurable, serious ways. It also costs zero dollars to stop regulating women's bodies. We want to talk about economic incentives to move into a state? How about we stop telling women what to do with their healthcare? Women are boycotting Alabama, Missouri, and Georgia, and Nebraska could very well be next so don't forget that. Not to mention paid family leave, not to mention regional public transportation, not to mention legalizing cannabis, like Colorado did. They're doing fine, and they've got a great regional transportation system, and they've got a gay Governor, and they've got a tipped minimum wage of \$8.08, and they've got 5.6 million people, and their state, really comparable in size to ours. So anyway, if Nebraska wants to take economic development seriously, we could do--

FOLEY: One minute.

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HUNT: --many things to bring people to Nebraska that would not cost as much as this bill and also wouldn't be corporate welfare. But I'm going to be honest with you. I can be convinced politically that we need a tax incentive program, because I get that this matters superficially to companies who are looking at Nebraska. Ideally, we would just not have an incentives program, but if we have to have one it shouldn't be unnecessarily generous. If we're going pay businesses to be in Nebraska we need to be careful that we're not using taxpayer dollars to pay businesses to do things that they were going to do anyway. And we need to make sure that we have transparency and accountability for those dollars with caps and a limit on taxpayer benefits. I also think that we should hold the businesses that receive these incentives to a higher standard. We've had a lot of negotiation around these for robust benefits, but we also have to talk about making sure there's at least 40 percent of men or women on the boards of directors, or that we expect them to have an official LGBTQ equality policy or gender pay transparency. If we're giving out this money and making these investments, these are--

FOLEY: That's time, Senator.

HUNT: --expectations that I think we should have of these companies. Thank you.

FOLEY: Thank you, Senator Hunt. Senator Erdman.

ERDMAN: Thank you, Lieutenant Governor. We had a situation there before dinner when the vote was taken, when the question was called, and the Chair said full and fair debate has been held. There were several people in the queue that had never spoken. So I get how this is going to work. I understand it. This will be as it's dictated to us. We don't give a chance for us to share our concerns, very similar to what happened on the budget the first time it was brought up. There were many, several amendments that never were heard. So we'll-- we'll adopt and we'll pass whatever the leadership wants us to pass. We'll have an opportunity to talk about whatever the leadership wants us to talk about, but it's not important, it's not important what we think. It's not important what we, the elected officials, think or the ideas we have. OK? We make a tax incentive program a major proposal but we don't do much for property tax. The report that was done, the audit report, the report by the Performance Audit Committee has several graphs in there that are important. On page 38 there's one that I think you need to be cognizant of. Now, I'm going to use facts here so it's going to be difficult because facts are not normally accepted well here, but on page 38 it says the total revenue forgone, now the word is "forgone," not received, by all levels of government for all Nebraska Advantage Act recipients. The total revenue forgone since it was implemented, \$705,150,000, \$705 million, that's it. We have no idea, we don't have any idea at all whether these incentives pay their way. So I got an idea. Let's try it without them and see what happens. And I shared with you last time from that same report information that was important, I believe. It says between 2008 and '17, property in nine counties

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were exempted from taxation due to the Advantage Act. All right? And here's-- here's the largest sum, OK? The largest estimated impact was Platte County, \$40,400,000; Sarpy County, \$34 million; and Washington County, \$21.3 million. Now, who did that affect? Who lost that revenue? Well, pretty simple: \$65.8 million was taken away from the schools. That's amazing, \$65 million taken away from the schools. But we don't want to consider that. And as we look at some information that's provided to us on people who have reviewed incentives, the body of work on incentives is the following: It finds that incentives do not actually cause companies to choose certain locations over others. Rather, companies typically select locations based on factors of proximity to markets, the access to qualified suppliers, and then-- and they do not pit jurisdictions one against the other. So people choose to be where they are for other reasons besides tax incentives. So incentives, instead of creating new jobs and spurring employment, the main effect of an incentive is simply to deplete community tax base, as I just shared with you from the report.

FOLEY: One minute.

ERDMAN: Since poor states and communities are more likely to use incentives in the first place, the end result is to undermine the resources and revenues that were put in place. So I have a new name for the Nebraska Advantage Act. It goes like this. Just "imidgeon"-- just imagine how high your taxes can go act. That's what this is. Thank you.

FOLEY: Thank you, Senator Erdman. Senator Bostelman.

BOSTELMAN: Do you smell it? Do you smell it? I smell it. I smell the pork. I smell the pork that's in this, the-- the amendments that we see coming forward and in the Nebraska Advantage, the spending that's being given out that we need to have in the state of Nebraska at the local level, at the small business level, at the farm level, the ranch level, the small town level, not at the billion-dollar business level, not at the large corporate level. We need assistance throughout the state with property taxes. We need assistance throughout the state with relief from the recent disaster. So not only are we going to have people out there who have lost land, lost their homes, lost their businesses and they got to pay taxes on it so we're going to stomp on them again by not giving any tax relief. But we can sure as well give millions of dollars away and have zero jobs accounted for. We went through that the last time I was on the mike. How many jobs have been created? Go to the Department of Labor, state of Nebraska Department of Labor Web site and look it up. We've given millions upon millions of dollars away to companies that have created zero jobs, and companies that have received millions upon millions of dollars, then left the state. I don't think that's right. I think we need to think again about how we do our tax incentives. Maybe it's a-- maybe it's a corporate rate cut, but unended tax incentives, giveaways just doesn't work for me. On page 5 of AM1198 I want to read something. I'm not sure someone can answer

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this for me in a little bit. It says (2)(a), starting in line 24, it says: Qualified locations also includes any other business location if at least 75 percent of the revenue derived at the location is from sales to customers who are not related persons, which are delivered or provided from the qualified location to a location that is not within Nebraska according to the sourcing rules in subsections (2) and (3) and section 77-2734 subsection 14. Intermediate sales to related persons are included as sales to customers delivered or provided to a location outside Nebraska, and I'll go on. And it says: Even if the location meets the 75 percent requirement of this subdivision, this section shall not, shall not constitute a qualified location under this subdivision if the majority of the business activities conducted at such location are within any of the following NAICS's codes or any combination thereof: agriculture; transportation and warehousing; information; utilities; mining; public information; construction and on. We are the top ten incentives givers, money givers, in the United States with incentives to corporations. I question why we continue to do this when we have a starving industry out there, a industry that we're losing. It's called agriculture, small business owners, small companies, seed dealers, manu-- repair shops, small fix-it shops, people who go out and work hard day and night-- cattle men, hog producers, others that are out there-- who need significant, meaningful relief now. But we're willing to be one of the top ten incentive providers in the state to million-dollar corporations. I understand there's some very good ones and I read it off through the list that I had the other day, of this list of 44,000-and-some recipients, 44,526 recipients of the Nebraska Advantage that was \$19 billion in giving. And of that \$19 billion, we owe, you know, in the \$860 or so, a billion dollars out there that we don't know when that's going to come due. But yet when my neighbor goes to the courthouse twice a year to pay their taxes, \$3 corn doesn't pay the bill. We can't survive, we can't produce the food that you ate for lunch today the way we're doing it today. We cannot afford that. And unfortunately, I don't see where this is going to help us.

FOLEY: That's time, Senator.

BOSTELMAN: Thank you.

FOLEY: Thank you, Senator Bostelman. Members, with respect to the calling of the question earlier before lunch, from the time that Senator Bolz introduced her amendment several days ago, the time that we took the vote, there were 47 speeches. Senator Friesen, you're recognized.

FRIESEN: Thank you, Mr. President. I don't necessarily want to kill this bill, but I'm going to. I'm not opposed to economic development, but we have spent close to a billion and a half dollars on the books, and we don't have anything to show for it in revenue increases. Everyone who sat on this floor and talked about we don't have enough money for funding Medicaid expansion and all the other programs we want to do are now going give away millions more without proof that it works. Find me a study somewhere that shows it works. There isn't one. Incentives are almost

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the last thing on the list of a business. They need people. This still doesn't invest in the people. It doesn't bring employees when we have 50,000 job openings. This is for the people that I represent. No one cares about your property taxes. The Governor doesn't care. The Lieutenant Governor doesn't care. You're on the back of the list, you're on the back of the bus, and we're just going to keep talking about it with lip service and we're not going to do anything about it. We don't care that the kids out there don't get any state funding. We just care about some kids' education; yours don't count. You're west of 27th Street in Lincoln. It's time we take a serious look at our tax policy. We hear that there's no income tax provisions in this pay for. There is an amendment to this bill that pays for most of it. It's not going to get addressed. It won't even get talked about. It won't get brought up. When the corn growers wanted to promote ethanol in the state, we put a checkoff on ourselves, and we funded it to the tune of \$100 million, more than the state put in the money. We developed the ethanol industry in this state. Why don't business put their money where their mouth is and why that don't they invest in our state? They just want their taxes cut and they want more incentives to come locate here and take advantage of our people with minimum-wage jobs and no benefits. And then everyone else wants to put them on Medicaid and food stamps and everything else, and we pay for that. We, in this state, provide the safest, cheapest, most abundant food supply in the world, and we ignore our number one industry. There are no tax incentive in here for agriculture or ag related, other than maybe the ethanol bill that I think Senator Lindstrom has. It's minor in comparison to what we're doing. And we're just going to keep talking about it and doing nothing, and our revenue stream, instead of growing at 4.7 percent historically, is growing at 3 percent. And yet, we're going to continue to give money away. And we'll complain that we don't have enough funding for schools, we don't have enough funding for Medicaid, we don't have enough money for retirement homes and their reimbursement rates. And we'll continue to give money away. And we still have 50,000 job openings in the state that aren't filled. Our unemployment rate is lowest in the country probably.

FOLEY: One minute.

FRIESEN: And we'll just keep doing the same thing over and over. We'll come back next year and I'm going to keep fighting. I'm going to keep doing. I'm not giving up. Sooner or later we'll throw a bone out to rural Nebraska. We don't care about the agribusiness out there, the ones that create the most jobs. We're not stopping the flow of people from west to east. We have depopulation out there and we're not addressing that in this bill, not even touching it. And as long as we continue to have that depopulation from the west to the east, we'll lose some more senators in a couple years so there will be less of a voice here. So think about the long-term, 20-year outlook of where we want to be as a state and let's look at where that policy should go. Thank you, Mr. President.

FOLEY: Thank you, Senator Friesen. Senator Williams.

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WILLIAMS: Thank you, Mr. President, and good afternoon again, colleagues. I certainly agree with a great deal that Senator Friesen mentioned, but there's portions that I-- I would take exception to, and that's nothing to show for it. I would say \$30 billion that has been invested in our state, which is on the tax rolls creating property tax adjustments and 100,000 new jobs, I'd say that's something to show about it. I'm excited about where we're going with LB720 because we've seen a couple of amendments thus far that actually make this better, and that's what I think we are supposed to be doing here: the Bolz amendment adding work force development, the Wishart amendment creating more benefits for the-- the jobs that are created and making those high-quality jobs with high-quality benefits, which I think is part of what we should be doing. And I would remind everybody again, we're just on General File. We've got time to continue addressing those, those concerns as we continue moving forward. Democracy only works, folks, when we're willing to engage in thoughtful compromise, and that's what is our responsibility. And all too often in recent days people get set in their corner and come out fighting with closed minds, single issues, and not looking at the big picture. And I would argue to everyone here that we can put labels on everybody. You know, you're an aggie, you're from a rural area, you're a urban senator, you're for property tax, you're for economic development. But the problem when we put those labels on people is it puts us in categories that stress our differences rather than embrace our areas of commonality. And I'd say no matter where you are on the property tax issue or where you are on economic development, there are some things we all agree on. We all want to have a thriving business climate that stimulates growth for our state. We want a fair and equitable tax system. We also want to provide high-quality education for all of our kids, regardless of physical location of where they're going to school. And I think that's what we're after. Senator Briese talked about not being able to support LB720 without simultaneously looking at property tax relief. The system doesn't work quite that simply. Right now we're going to have a decision to make on LB720 on General File. Following that, we will have on Select File LB183. It's not simultaneous. We don't have that luxury today. But if we don't work together, we can all walk home with nothing at the end of this session. And if we're willing to work together and recognize our commonalities rather than stressing our differences, we have some opportunities. I want to talk just very briefly about how I have seen economic development activities stabilize a community. There's a community in my legislative district that in 1990, right after LB775 was adopted, had a total--

FOLEY: One minute.

WILLIAMS: Thank you, Mr. President. --a total valuation of slightly under \$40 million. That community today has a total valuation in excess of \$250 million. During that period they used LB775, they used Nebraska Advantage, and they recruited companies like Baldwin Filters, Frito-Lay, Monsanto. That \$250 valuation has allowed the school system to reduce their level-- levy. It's allowed the city of Gothenburg to reduce its levy. That is property tax relief. That's what

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we're talking about. That's why we need to move forward and move this to Select File so Senator Kolterman can continue the work that he has worked on to fine-tune this--

FOLEY: That's time, Senator.

WILLIAMS: --into a product that we like. Thank you, Mr. President.

FOLEY: Thank you, Senator Williams. Senator Dorn.

DORN: Thank you, Lieutenant Governor. And thank you, colleagues. Part of what I've-- I know I've gotten on the mike several times and talked about the fact that sometimes when we go into these, I call them three-hour debates, we have some really good conversation. I-- I enjoy very much the conversation from both sides, pointing out the pluses and the minuses of these bills, and then it will help us make up our mind. I know the other day when I talked, I thanked Senator Kolterman. I keep watching him. I usually always say he has a smile on his face. Today I think he's under a little more stress than normal. I don't know. I don't see him smiling quite as much. I hope he is able to smile when we're done today. But I wanted to thank him and the Revenue Committee. I think the Revenue Committee has handled a couple really big issues this year, LB289 and this LB720, and they brought them out to the floor. They allowed us to have the discussion and allowed us to have this debate about not only bringing in property taxes but business incentives and everything else. Wanted to bring up one thing. Been trying to visit with Tom Bergquist a little bit. The fiscal note, the original bill in here had a fiscal note of some cost to it and some revenue that was going to be short in the amount of about \$35 million. I didn't visit with Chairman Stinner. I should have probably before. If we don't make an amendment-- and that's why some of these amendments are very important-- if we don't make some amendments to delay this or do something a little bit different with it, that is the cost yet that will come up in our two-year biennium budget, the \$35 million. I know we've had a bunch of discussion about the fact of whether we spent too much in the budget or where the money came from or went to. This bill here has a very good chance of having an A bill yet, and then we will have to have some discussion on some type of funding or some type of loss of revenue. As we do that, it's very important that when we get down to the end of the session we don't have people now having another three-hour debate on where that money will come from. We need people to visit with us ahead of time in Appropriations, 'cause that will come out of Appropriations, most likely, if we have a fiscal note with this, where that comes from. One other thing I wanted to talk a little bit about was Senator Watermeier. Former Senator Watermeier testified in front of Revenue when they talked about the ImagiNE Act and he talked about the Advantage Act a little bit. We don't know the exact cost of the ImagiNE Act without a cap in there, without some type of control. They estimate it to be somewhere around \$150 million. When the Advantage Act came out, Senator Watermeier mentioned that that was going to be at a cost of roughly \$50 to

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\$60 million, or that was the premise that they were going with. What has happened over the years, most-- most of the time the cost has been in the \$100 to \$150 million less revenue, even one or two years where it's been over \$200 million. As we talk about a lot of things and a lot of funding and a lot of budgeting and everything on the floor, people need to be mindful of, yes, it's good to give tax incentives. I'm a firm believer in it. On the county board, when I was on Gage County Board, we did not have an economic development board when I first came on. Things didn't work out. They didn't have one. We-- took us three years plus to get that going again. As a board member, I saw what the importance was to have the right economic development group, the right packages, the right incentives at the state to be able to use to help grow the state. Some of these results that we've seen with the Advantage Act are very, very good. But people also need to be very, very mindful of where does the funding or the lack of funding, that revenue, now-- how does that affect our budget. In future years, as we sit here and talk about the budget on the floor,--

FOLEY: One minute.

DORN: --you need-- you need to remember that these programs that you want to fund, and we're talking about why we can't fund them, it's because generally of decisions. Part of the result is a decision that was made several years before about some bill like the Imagine Act. I will be supporting AM934, Senator Wishart's amendment, but I will be voting against LB720. I think it needs more time. It needs more amendments. I wish we could get to more amendments and get more passed. I really like what Senator Kolterman has done with the bill so far. I think it needs some more steps done to get it to where it would be a pretty good bill. Thank you.

FOLEY: Thank you, Senator Dorn. Senator Groene.

GROENE: Thank you, Mr. President. I stand here very concerned about LB720 being called a Speaker major proposal. I believe this sets bad precedent. It erodes the committee process. This is a rare event. When we start using it too often it creates a crisis. It gives the Speaker power and the lobby power and one senator power. Five times it could happen if we start abusing this. Senator Williams, would you take a question?

FOLEY: Senator Williams, would you yield, please?

GROENE: What I was going to ask him, he was one of the major complainers about the pull motion yesterday, setting bad precedent. I was going to be curious with some of those folks who rose and spoke about that, think about this abuse of a Speaker major proposal. I'm just kidding, folks. I think this is fine. I think a pull motion is fine. It's part of the rules. Speaker did what he thought he was did. I just wanted to make a point to you. We have rules and we followed them

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yesterday, and we're following it today. But I still am concerned about a major proposal. This is a special interest bill. It's not dire to the-- to the basic functions of government of the state of Nebraska. It's a special interest bill, created by the Omaha Chamber and the State Chamber of Commerce. That's all it is. Belongs in the queue, belongs in the list of bills along with the rest of them. There's nothing special about it. I think it needs-- I really mean this-- this thing needs more study, needs a commission created to study it. It needs more stakeholders at the table. I don't see agriculture, the biggest industry in our-- in our state, involved in this. They're against it. Why aren't they at the table? They're part of the stakeholders of economics in this state. They're not here. They're not represented. They're actually in the bill. They're actually included in this, parts of it. This thing needs to die. We have no crisis this year. As Senator Friesen said, we have very low unemployment. People aren't looking for jobs so that's not a crisis. We do have a tax balancing crisis. This harms that, makes it worse. The Advantage Act has another full year to run on its sunset date, so there's no panic. We need to study this thing. This body created a Economic Development Task Force a couple years ago. I'm a member of it, as Education Chair. We did a lot of work last year under Senator Crawford's leadership. They weren't invited to the table. Our opinion wasn't asked in the creation of this bill. This bill needs to sit for a while, folks, over the interim, just like LB289 is, and we need to work on it. Then the next year or over the interim maybe the chamber might come around and talk to agriculture about property taxes, and agriculture might talk to the chamber. The smaller industries in our state, much smaller than agriculture, we might bring them to the table and offer some compromise. This thing needs to die. I have an amendment on this bill. Senator Kolterman, would you take a question?

FOLEY: Senator--

GROENE: Are-- are-- are we going to get a list, those of us that dropped our amendments, where we fit, if you like our amendment or not?

KOLTERMAN: I haven't decided that yet, Senator.

GROENE: All right. Thank you. And Senator Bostelman is absolutely right about pork. Part of this bill says, rightly so, that retail businesses cannot qualify for ImagiNE Act unless 75 percent of their business is outside the state. I'm thinking of Omaha Steaks, Oriental Trading. That's true. But there's one little exception: retail banks. To me, a retail bank ain't any different than a McDonald's or Ace Hardware Store. They sell to the local customers. But they're exempt. So if a bank wants to build a new building, they get the ImagiNE Act. Ace Hardware doesn't. McDonald's don't. I respect banking industry. I respect the fast-food industry too. I think they're all equal, part of the free enterprise system. Why my bill says, no, retail banks are retail, and if 75 percent of their business is outside the state they qualify. I'm thinking TD Ameritrade. I'm

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thinking of a-- of a credit card clearinghouse. Yeah, that's a financial institution that should be qualified.

FOLEY: That's time. That's time, Senator.

GROENE: Thank you.

FOLEY: Thank you, Senator Groene. (Visitors introduced.) Continuing discussion, Senator Matt Hansen.

M. HANSEN: Thank you, Mr. President. And good afternoon again, colleagues. Colleagues, I rise in support of the Wishart amendment, AM1934. I'm appreciative of Senator Wishart and Senator Kolterman and others who bundled together the proposals in there. As I said on my first time on the mike, it contains some of the-- addressed some of the issues that I had intended to address with my amendment, which I-- which I've told the Clerk I'm looking at withdrawing. Just for the record, though, on the issue of pooling employees, because we've had some discussion on how the actual language in-- in Senator Wishart's amendment works, I just kind of wanted to be clear for the record of-- of how I understand it and kind of what the intent was such that the concern was, under the green copy of the bill, and-- that you could take multiple part-time employees who didn't qualify for benefits and count them as a full-time equivalent as long as they combined to 40 hours a week on average. Our-- our understanding in our discussions with Senator Wishart, Senator Kolterman, and others was to have full-time employee count. You still count a total number of hours as your goal to hit the different criteria in the-- in the bill, but the employees themselves would have to work on average 30 hours a week, hit the federal standard for what a full-time employee is in order to count to that total pool of hours. With that, I would ask if Senator Kolterman would yield to a question.

FOLEY: Senator Kolterman, would you yield, please?

KOLTERMAN: Yes, I will.

M. HANSEN: Thank you for yielding, Senator Kolterman. Senator, is that-- I guess I spoke to you on the microphone right before my floor speech and would you kind of just go ahead and share how you view that pooling of employees to work or agree, agree or disagree with what I just said.

KOLTERMAN: Absolutely. Thank you, Senator Hansen. What you just indicated is completely accurate. The intent of the bill is to create full-time employment, so if you're in that first

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category, five full-time jobs, and anything above that can be counted as part-time or whatever. But we-- we definitely have to have full-- you know, five full-time employees, plus we also have to have the benefit package in-- in addition to that. And it goes to say that the same next categories are the same way. The intent is really to create high full-time jobs for the employees of the state and for the employees of these new companies that are coming to the state.

M. HANSEN: All right. Thank you, Senator Kolterman. Thank you for yielding. I'm really appreciative of-- of, again, of Senator Kolterman, Senator Wishart bringing this, this amendment. Pooling and how we count full-time equivalents was kind of a big issue that had been identified for me and one that I was really working on, because as others have pointed out we do do some picking of different industries, different groups, different jobs throughout this bill, and that-- and that kind of goes to what we say this is. It's a tax incentives package. We're incentivizing certain behavior; therefore, we have to pick what industries we want to incentivize, what jobs we want to incentivize, and-- and what we want to have the standards be for our state. That was something if-- that I viewed that if we as a state were going to invest some of our precious resources in industry, if we're going to "bress" some of our precious resources recruiting new jobs to come to the state, they have to be of high quality, high standard, high benefit. You know, it's-- it's not enough to just recruit some jobs and have them be the minimum wage and have them, you know, not be the type of jobs we want but have them be actual full-time equivalent and not part-time work, to actually have a strong benefit package or some combination or higher compensation as the bill, as I understand it, has some flexibility. So with that, I am very appreciative of Senator Wishart's AM1934, will be voting for that and the committee amendment. I'm still looking at some overall concerns with caps on LB720. And with that, I would yield the balance of my time to Senator Kolterman should he have anything else to say.

FOLEY: Thank you, Senator Williams [SIC]. Senator Kolterman, 50 seconds.

KOLTERMAN: Thank you very much, Senator Hansen. I appreciate the work we've done together the last couple of days, and appreciate the fact that you came to me. We had-- you had your suggestions. We tried to implement your suggestions. But I also appreciate the fact that-- that Director Rippe was very open to making this bill even better. And so with that, again, thank you. And I'm going to address some issues when I get up in the queue next. I got to wait my turn just like everyone else. Thank you.

FOLEY: Thank you, Senator Kolterman. Senator Pansing Brooks.

PANSING BROOKS: Thank you. Thank you, Mr. Lieutenant Governor. I stand again in support of AM1934, Senator Wishart's amendment, and the other amendments as well as Senator Kolterman's bill, LB720. Again, this is very difficult. And I appreciate the work that-- that

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Senator Kolterman and the Revenue Committee have done. As we say, you have to choose winners and losers, and that's always tough. You know, why this one and not that? That's the continuing discussion. And this is an effort to try to do some good and bring people to our state. And I appreciate the efforts of so many people, like Senator Hansen who was just on the mike, you know, making sure that we're talking about full-time employment and just trying to cover as many bases as possible. Is this perfect? Not for anyone, but that is the-- that's the way we make laws here. So I will give the rest of my time to Senator Kolterman, who said he's waiting till the next time on the mike. So here you go.

FOLEY: Thank you, Senator Pansing Brooks. Senator Kolterman, about four minutes.

KOLTERMAN: Thank you, Senator Pansing Brooks. And thank you, Mr. Lieutenant Governor. Want to talk, I want to address a couple of issues that's been raised. But I want to set the record straight on a couple of issues as well. When I agreed to carry this bill, I knew firsthand that we needed property tax relief. My family, my-- my wife's family owns 560 acres of prime crop ground in the Goehner, Nebraska, area. I don't take property tax relief lightly. I voted-- I voted every bill that wanted to come out of committee for property tax out of committee. For people to say that we don't want property tax is-- is disingenuous, extremely disingenuous. For Senator Friesen to say I don't want property tax, in essence, and this is a bad bill, he did not vote LB289 out of committee. I did vote LB289 out of committee. For Senator Groene to say his opinion wasn't asked, he's in Revenue Committee. He had all kinds of time to ask questions to help make this bill better. So let's talk facts here. Let's be-- let's be genuine about what we're talking about. The problem I'm having with this bill right now is, what's in it for me? That's the question that everybody's asking: What's in it for me? Am I-- am I going to get property tax relief? Are we going to put caps on this bill? Are we going to get work force development, antidiscrimination, health insurance, full-time jobs, biochemicals? We can't do everything for everybody, folks. What we can do, we can start asking what's in it for Nebraska. Property tax is an important issue. I don't question that whatsoever. I've made that very clear. Have I not, Senator Briese? Senator Friesen, Senator Groene, have I supported property tax? Senator Linehan? You all know I have. I sat back and watched property tax come out of all their hearings before my bill came up. Did I once ask you, Senator Linehan, if I should bring my bill up first? No, I did not. I've taken my turn. I don't think this is bad legislation. If we continue to act on the fact that LB775 and the Advantage Act is good, we're cutting off our own throat. This is a 100 percent improvement, and we've done that based on what we heard from the committee this summer and the SRI. We've done nothing but improve our Advantage Act, our Imagine Act. And yet we're sitting here tearing it apart because we don't get what we want individually.

FOLEY: One minute.

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KOLTERMAN: This is a collective state, folks. If we don't do this for our state, we're going to be out of business. To say we don't create jobs, we've got 100,000 new jobs that we can show you, \$30 billion of investment. You tell me that's not economic development. How do we sit here and talk about stuff like that when I've got the facts and you're saying no? How do we talk about the fact that we're not doing anything for outstate Nebraska? ADM, Syngenta, Pioneer, Case, Central Valley Ag, multiple ethanol plants, Neogen, Novozymes, Lindsay Manufacturing, Midwest Labs, Monsanto, Tyson, Cargill, Hormel, Smart Chicken, Reinke, Preferred Popcorn, Scoular, and Zoetis, and the list goes on and on. Forty-three percent of what's going on in this state is going to rural Nebraska. If that's not helping economic development, I don't know what is.

FOLEY: It's time.

KOLTERMAN: We're giving you markets. Thank you.

FOLEY: Thank you, Senator Kolterman. Senator Quick.

QUICK: Thank you, Mr. President. I want to thank Senator Kolterman for-- for-- for his effort on this bill. He's-- I know he's been working extremely hard on this bill. And I know that he started-- he started talking to me about it early in the session, so he talked to me, talked to me about it, and I actually am one of the cosponsors of this bill. And I believe it is a good thing. It's an-- it's an improvement on the Advantage Act and what we have-- and what we have now. Now economic development is truly important to our state and also to my district. I know there are companies in Grand Island that have had-- we've-- we've seen employment increases "acro"-- you know, through-- throughout the years. And so I understand how important that is to-- to-- to working families. I-- there are things about this bill that Senator Kolterman has worked on with us, and the higher starting wages for working families is important, along with benefits and some of those areas. That's-- that's-- that's important to working families. I know one of the areas, and I think he's still probably working on some of that, but there's, you know, caps. I know the Advantage Act may be spun a little bit out of control. And so I think that's the reason people are still looking at caps and wanting to have those on there. So with that, I would yield the remainder of my time to Senator Hilkemann.

FOLEY: Thank you, Senator Quick. Senator Hilkemann, 3:30.

HILKEMANN: Thank you, Mr. Lieutenant Governor. And thank you, Senator Quick. I stand in support of LB720, and I also signed on to that bill. I'd like to tell you one of the success stories of the Nebraska Advantage Act, and this letter comes from Hobson Powell. And I-- and this is a business that is in my district. Dear Senator, I am writing to express my strong support for

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LB720, the ImagiNE Nebraska Act. This is an issue that is personal for me, and I wanted to share my perspective as someone who has seen firsthand how incentives can create long-term growth and jobs in Nebraska. A little over ten years ago my boss at Yahoo! asked if I'd be willing to move to Omaha from California as a part of a new office we were starting up in Nebraska. A decade later I've seen our Yahoo! Verizon media office grow from a handful of people to a well-established, highly productive part of our global business. From starting with a datacenter to opening an operations office to bringing in more high-level roles and promoting existing talent to now employing over 300 Nebraskans in good-paying, highly-skilled jobs. The Nebraska Advantage Act, with its performance-based incentives, was critical to our growth every step of the way. It helped us get here, and the fantastic work force helped us to grow much more than we originally signed up for. As a taxpayer, I believe there is a huge return on investment in terms of economic activity, and as the region has continued to attract big names to the Silicon Prairie, providing good jobs and building the ecosystem, attracting more good jobs means adding more new Nebraska taxpayers, like my wife and me. We're constantly networking to encourage others to move to Nebraska, to raise their families here, and to enjoy the good life. There's a great momentum in growing the region as a tech hub, and I would hate to see us lose one of the tools that made it happen with the-- if the Nebraska Advantage Act expires. Our employees are more mobile than ever before, and other states are competing with us to attract companies and jobs. Allowing the Nebraska Advantage Act to expire without a modernized corporate incentive program in--

FOLEY: One minute.

HILKEMANN: --place sends the wrong messages to companies looking to expand, existing or build new offices in our state. I believe that LB720 is key to helping us maintain and build our competitive edge and to continue to encourage others to build in Nebraska. Yours sincerely, Hobson Powell, vice president. Thank you, Senator Quick, for your time. Thank you, Mr. Lieutenant Governor.

FOLEY: Thank you, Senator Hilkemann. Senator Bolz.

BOLZ: Thank you, Mr. President. I appreciate the discussion today. It puts a little bit of a smile on my face because it's sort of like having the Appropriations Committee conversation come to the floor, because this is the heart of what it means to put together a budget. How do you invest in different priorities? How do you measure and weigh what those different priorities mean for different constituencies, different geographies, different areas of the state? And so that's really what motivates me to stand up on the microphone today because this isn't just about property taxes and it's not just about tax incentives. It is also about how all those things come together in a global budget picture. And my concern all along has been that because of the way that we

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establish tax incentives as tax credit programs, these are first dollars out. These are dollars that are allocated and spoken for before, in a biennial session, in some cases before-- before senators are even seated on the Appropriations Committee, before the Appropriations Committee even opens their binders. So if we're making a very big decision about these first dollars out, I think we need to be cautious and careful. So just put that in context a little bit. Our 2017 tax incentive report illustrates the unpredictable fiscal impact of business incentive programs. The total estimated tax reductions under LB775, Nebraska Advantage, were \$153 million in 2015, grew to \$270 million in 2016, and fell to \$216 million in 2017. In 2017 the-- the state saw the spending on the incentives total grow to \$336 million. During that same year, we had a deficit of \$239 million. So what this all results in is pressure on the Appropriations Committee to-- to balance the investments that we need in tax incentives with the other things, like the property tax credit program, funding higher education, funding K-12 education, funding Medicaid expansion, all of the priorities in this body. And so my sticking point, my-- my-- my hill on this bill is whether or not we are able as a body and as a state, as stakeholders, to come together on fiscal guide rails to make sure that we can predict and manage the impact of tax incentives and put those investments in the context of the state budget as a whole. Those should be benefits that add value, that grow jobs, but they shouldn't flip over the tipping point to make sure that-- to-- to step in line in front of other priorities or crowd out other priorities. So-- so how do we do that? There are multiple ways to establish caps on programs and there are multiple examples. We establish caps on tax incentive programs right here in Nebraska. So, for example, one that I'm most familiar with is the Nebraska Advantage Microenterprise Tax Credit, which has a \$2 million annual cap. Iowa has a global cap for all of their tax incentives. Different states have different kinds of caps. You could cap individual companies. You can-- you can manage the fiscal impact in any number of ways. So that-- that is the-- the heart and soul of what I need to see in order to get behind an overall tax incentive package is some agreement on some guide rails for how we manage the overall fiscal impact. And I-- I want to say one more thing, and then if Senator Kolterman would yield to a question, I-- I'd like to have a little bit of a dialogue with him.

FOLEY: Senator Kolterman, would you yield, please?

KOLTERMAN: Yes, I will.

BOLZ: Thank you, Senator Kolterman. The-- the first thing I want to say is that I think that this-- this conversation is important, your work is important, everything that everyone has to say on this floor is important. For what it's worth and since I have the microphone, this only works if we have some diplomacy. I think this only works if we identify the win-win and we-- we find respect and kindness for each other. And so for what it's worth, Senator Kolterman, it's my hope that that-- that this conversation veers back towards the diplomatic a little bit more, and it is in that spirit that I ask you this question. Senator Kolterman, are you open to the idea of putting some fiscal caps or parameters on this legislation?

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KOLTERMAN: Absolutely, yes, we are.

BOLZ: OK.

KOLTERMAN: We just have to find the right place and the right way to do it.

BOLZ: OK. I appreciate that very much. And let me ask you one more question just-- just so we can keep clarifying here is there have been several proposals that say there could be recommendations or there could be oversight or there could be a board keeping an eye on it. That's not what I mean. That's not what's important to me after my seven years on the Appropriations Committee. So when I say a cap I mean a control. I mean a limit. Are you open to that?

KOLTERMAN: If we can get there, I am, yes.

BOLZ: That's wonderful news. So thank you very much, Senator Kolterman. You're doing a lot of hard work today. Thank you for that. The things that are important to me--

FOLEY: That's time, Senator.

BOLZ: Thank you, Mr. President.

FOLEY: Thank you, Senator Bolz and Senator Kolterman. Senator Hughes.

HUGHES: Thank you, Mr. President. Good afternoon, colleagues. This is my first opportunity to get on the mike on LB720. And I do want to commend Senator Kolterman for working very hard on this issue. I am a big believer in incentives. There's no question about that, that as a businessman incentives matter. You know, we offer incentives to our employees. I think it helps the business, and it certainly helps the employees. My heartburn with this issue is whether or not we can get property tax this session. And I do believe that if we move this bill forward first, the chances of achieving significant property tax relief are greatly diminished. A couple of years ago, two or three years ago, I was part of a group that came and met all summer long with the State Chamber, Omaha Chamber, Lincoln Chamber, several senators, and we worked on a path forward for property tax. And as we began, the chambers were very cooperative about working on ways to provide property tax relief. And as we got closer to the end, closer to the session in the fall, that support certainly began to wane. That is a lesson that I learned in that instance. I've been in this body for five years now, and I've seen how property taxpayers have been rolled several times. We've been strung along, strung along. Yes, we're going to deliver you property

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tax relief, but when it comes to the end of the session somehow that support evaporates. So if I'm a little jaded in this conversation so be it, but I do give you the background of where I am coming from. Senator Stinner, my good friend, had talked about how we've expanded the property tax base in the state of Nebraska, and that is true. There's no question about that. But why do we have such a property tax problem if we've expanded that base so much? Where is the pay for? Where is the benefit? All of this, these hundreds of millions and even billion dollars that we have spent on incentives, where's the pay off? Where is it showing up in our economy? Over the past 35 years our state average rate of economic growth was 4.7 percent. The last five years it's been 3.3. We've had economic "excentives"—incentives since LB775 came into place. Why is our economic rate of growth declining? This year our rate of economic growth is 2.8 percent. Why is that if we have all these incentives that were going to grow our way to prosperity? Those are questions that I would like to have answered. It's really interesting to me that a economic incentive, property tax relief, and I call them the same thing as a small businessman myself,--

FOLEY: One minute.

HUGHES: --multiple businesses, what type of incentives is the state of Nebraska giving me as a property taxpayer, as a businessman, as an employer in my community? I don't qualify for any of those things. If you look at the amount of property tax that is collected versus the amount of sales, income tax, and corporate tax, they're roughly the same amount. Unfortunately, the property tax portion is growing. Over the last ten years, property taxes have increased 53.5 percent; income 36.8; sales 21; corporate 34. Thank you, Senator Groene, for this handout. I appreciate it. We have a property tax problem. And if I was sure we were going to pass property tax relief, I would be all over LB720. But until I know that's a fact, I cannot. Thank you, Mr. President.

FOLEY: Thank you, Senator Hughes. Senator Brewer.

BREWER: Thank you, Mr. President. I guess I couldn't ask for a better lead-in from Senator Hughes on the issues that I wanted to address. We've heard all kinds of interesting information about all the positives, the billions upon billions of dollars that Advantage Act has given us, the hundreds of thousands of jobs. But what I found is that this floor is a place where truth dies. You can say whatever you want in here. If you can't prove otherwise, it's just that, it's words. And that's what we like to do to cover the particular story that we're trying to put out there. But there's some simple facts. If you go into my district and you look at the downtowns, you walk the streets, the businesses are very limited. A lot of the downtowns are-- have completely collapsed. There's just no businesses left there. So if the Advantage Act was this gift from God that was supposed to help Nebraska, I'm sorry. It probably is helping Platte or Sarpy or Washington or Douglas County, but get out in the real world, in the rest of the state, and it hasn't done what it

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claimed it was going to do. Now I hate it because I think there are companies, like ADM, that do wonderful things and probably do need incentives, but I am not going to do it on the back of the taxpayers. And-- and that's probably where people are missing the boat here. It is about property tax because at some point we will break the back of that mule that's carrying the load. And I'm sure Senator Williams thinks I'm a one-issue person, and to a degree I am. I've submitted two amendments. Both of them have to do with the simple fact of removing one word out of LB720. That word is "wind." You know, like, well, they've done so many great things. They're all wonderful. But there's some facts about this that you need to understand. First off, I'm not going to fight the fight I've had for the last three years trying to change the route of the R-line, trying to keep the wind towers out of my district and then flip on folks and all of a sudden say, you know, it's just a-- it's just a vote. I'll just pass LB720 and it will be OK in the end because it will do some good somewhere, maybe not my district. But I've fought this fight and I'm going to continue to fight it and I'll do it every day I'm in this body because there are some facts people need to understand about wind energy. It's the most heavily subsidized industry in the country. It already has huge benefits from the federal government. They receive special treatment, and I don't know why we want to give them special treatment from Nebraska already. Consider the fact that we haven't updated the nameplate capacity tax for almost ten years. This is the tax wind pays in lieu of personal property tax or real estate property tax. Everyone else has had their taxes increase in the last ten years. You don't think the landowners wouldn't die to have the taxes that they were paying ten years ago? Wind energy already receives special treatment in Nebraska, part of-- part of the Advantage Act. And don't be surprised at the fact that there's a ton of money out in the lobby, and we know we got one paid senator here that's going to get up and tout about all the wonderful things about it, who doesn't want one of those wind towers in his backyard. So with that said, thank you, Mr. President. And I'll yield the rest of my time to Senator Groene.

FOLEY: Thank you, Senator Brewer. Groene, Senator Groene, 1.5 minutes.

SENATOR GROENE: Thank you. I forgot to mention, with the limited time, that I do appreciate what Senator Kolterman has done. He-- it's his-- he took on the bill for the-- for the chambers when they were looking for a sponsor, and he's represented them well, and so there's no animosity here. This is about a bill, and he has worked with the property tax and in Revenue Committee he has completely supported any efforts on property taxes. The problem is, Senator Kolterman, you misunderstood me. We have a Economic Development Task Force of senators that was put together by I think Senator Watermeier on the Exec Board. And we worked hard for two years. They never came to us about input on this bill, the chambers did. I'm going to be for economic development, some type of plan into the future, but we're a small state. We need to downsize this thing. We need to pinpoint it towards new business, new business. We need to let-- I want to see a version of this bill, of this legislation come out of Nebraska Department of Economic Development from Mr. Rippe. I want to see their version of what they think and get the special interest out of writing this bill. I want to see that version, and I want to lay it next to

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LB720. And I want to know what these experts in Economic Development, in our department, deem the best use of our tax dollars. And half of this bill is a--

FOLEY: That's time, Senator.

GROENE: --tax cut,--

FOLEY: It's time, Senator.

GROENE: --which has nothing to do with economic development.

FOLEY: Thank you, Senator Groene. Senator McCollister.

McCOLLISTER: Thank you, Mr. President. Good afternoon, colleagues. It's my pleasure to stand in support of LB720 and the two amendments that we see on the board. I also need to congratulate Senator Kolterman on the collaborative effort that he's made here. It's been remarkable. I don't think there's a senator in the body that could have done a better job bringing this bill to the Legislature. I think many of us that served on the Revenue Committee and the Economic Development Committee recognize the special obligation that we have to also support property tax, special obligation. I know that. I understand that. Whether the linkage is formal or informal, I do see a linkage, and it's important for us to proceed with property tax reform in Nebraska as well as passing LB720. I want you to know that this was a part of a process. LB720 came about as a best practices kind of thing and came out of the Center for Regional Competitiveness, SRI, and the Pew Trust. We did try to figure out the best practices among the states and I think LB720 incorporates many of those best practices. My contribution to that effort was putting in the mechanism that will take a look at the grants that have been made every year. It includes the Chair of Appropriations, Performance Audit and the Appropriations Committee and Revenue Committee, along with the State Treasurer and the DED director. So that group will get together in July and they'll take a look at what recommendations they want to make to the Legislature with regard to incentives in Nebraska. I think we've had an important discussion earlier. This bill does need to get passed this year, this year. Why? It has better reporting features rather than LB775 and its previous bills. It has better wage requirements, improved controls, and higher achievement requirements. So it's a big improvement over LB775 and the Advantage Act. So that's a good reason to move this forward this year rather than waiting. And secondly, as Senator Hilgers said so well, we can't sit on the sidelines and not have a program in place. Developers throughout the country are looking at Nebraska as we speak, and if we don't have a program for them to look at we're going to be sitting on the sidelines and cutting our own throats. Matter of fact, some of the developers in the state have said if we don't get this bill passed I think we need to start polishing our resume, because we won't have much work to do in Nebraska.

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This bill is important. And once again I recognize the obligation to do something with property tax as well. Thank you, Mr. President.

FOLEY: Thank you, Senator McCollister. Senator Cavanaugh.

CAVANAUGH: Thank you, Mr. Lieutenant Governor. I do support Senator Wishart's amendment, and I supported Senator Bolz's amendment. I don't support LB720 as it is right now. I do appreciate that a lot of work has gone into this bill, but I feel very strongly that when it comes to tax dollars, tax credits, tax incentives, it is our job, it is our responsibility to be good stewards of those dollars. And while I appreciate the work that Senator Kolterman and those that have stood in support have done on this bill, I fear that we are not doing enough for the people of Nebraska with this bill. We have an opportunity to create a standard. We have an opportunity to be a leader in this country in what that standard is and what we expect for our work force, and that is not reflected in this bill. We have an opportunity to say that if you want our tax dollars, if you want our tax credits, you're going to be the best of the best of the best for your workers, and that's not what we see in this bill. We don't see paid family leave. We don't see comprehensive protections for LGBTQ members of our community. We don't see gender wage equality. We don't see gender equality on boards as a requirement. I'm disappointed in the conversations that we keep having. Property taxes are important. They're not the only thing that's important. Income taxes are important. They're not the only thing that's important. The most important thing in this place is the people, and this bill does not do enough at this point in time to work to support the people. And I cannot support anything that gives tax dollars or tax breaks that doesn't work hard enough to support the people of Nebraska. We have a housing crisis. We have a work force crisis, but we're focused on tax breaks and tax incentives and property tax relief. We're not focused on the right things. We're not focused on taking care of our people. We have opportunities with this bill. We have opportunities with the next bill to do those things. We had opportunities at the beginning of session to do a lot of those things with Senator Crawford's bills, with Senator Hunt's bills, with Senator Hilkemann's bills, but we didn't do them then. And now we're in a crunch. So if you thought that somehow I had a short-term memory, I don't. I remember very well at the beginning of session that I told this body that I was here for the people of Nebraska, for the people that don't have a voice, for the children, for the working parents, the single parents, for the people that have been released from prison and can't get a job and don't have a livable wage and don't have access to food or care-- childcare or housing. I'm here for those people. Those people are my constituents, and those people are your constituents. And if we're going to do tax break, tax incentives, tax cuts, property tax, whatever, it better benefit the most vulnerable people in this state. And I am so disappointed in this conversation. I am so, so gravely disappointed in this conversation. And I will not be bullied by anyone, not by my own party or others. I won't be bullied by business leaders or farmers or teachers. I will not be bullied. I will stand up for the people that need support because that is why I am here. And I hope that you all will start working together,--

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FOLEY: One minute.

CAVANAUGH: --working with me, working with the senators that have brought legislation that reflect the values that we say we have in this state, the family values that we say we have in this state. I'm not seeing that today, gentlemen and ladies, but mostly gentlemen. I am not seeing family values in this legislation, and I am disappointed. And frankly, not very many of you have talked to me about this so it hasn't been that collaborative of a process. But I appreciate that is a passion for people in this body, and I appreciate that I got my one five minutes to speak today. Thank you, Mr. President.

FOLEY: Thank you, Senator Cavanaugh. Senator Linehan.

LINEHAN: Thank you, Mr. President. I'm going to yield my time to the Speaker. Thank you.

FOLEY: Thank you, Senator Linehan. Speaker Scheer.

SCHEER: Thank you. Thank you, Senator Linehan. Colleagues, you're going to have a choice to make in about 10 or 15 minutes and I want you to think about a few things. Both this bill and the next bill are important to the state of Nebraska. Do incentives work? You darn right they do. I have a thousand employees in my town that would not be there if it weren't for the incentive program. And those employees, which I would say perhaps over half of them, are making six figures a year, not peanuts, good-paying jobs. Now, flip the hat. We're an agricultural area. Are farmers having a hard time with their bills? You darn right they are. Do they need some assistance? Sure, they do. But what this body needs is a little bit of trust. Now, I'll tell you those that-- and I'm sorry, I missed some of this morning-- but those of you that have stood up and said, you know what, I got to have property tax relief before I can do anything else, think again because your bill's next. And if you think somebody can support your bill when you have trashed this one and determined that you cannot support it any way, no how, you're going to kill the bill, you shouldn't be in this room. You got to trust that you're going to get a fair deal this way. If you want to kill the bill, kill it on Select. This is General. Trust your fellow senators. If they don't follow through, fine, you can kill it the next time. But these two bills will only pass if they both pass. I am convinced of that. Last year, those of you that were here, I told you that we would have five property tax bills, and we would eat our own and we would end up with none. We walked away empty handed. Those of you that want this incentive package, start looking around as well. There is no perfect package. It can always be improved upon. I have been here seven years and I've never seen a perfect bill. There's not a perfect budget. There's not a perfect bill. You have to be more receptive to the other side as well. Think about their wants, their needs, start trusting them. We've got an option here. We can do something for a lot of people here, both from the business perspective and from the agricultural. But it only works if we all work

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together. I haven't seen a lot of that in the last hour and a half that I've been sitting here. We've got differences of opinion. I get that. And there's different ways to skin the cat. I get that too. This is General File. Things can be fixed and improved on this at Select. The next bill up is on Select File. Does it deserve to move on as well? I think so. But it's only going to move forward if enough of us say it should move forward. And I'm going to tell you what. This bill that we're talking about right now is only going to move forward if enough of us think so. You know, it's medieval days. You can divide and we all lose. You can ban together and we can all win something here. And it's not us that are going to win. And I'm sorry, Senator Cavanaugh, I take exception. These would be wins for the state of Nebraska. Those-- those people that you talk are voiceless, some of those people right now in my area have really good, high-paying jobs. I think our job is to make sure that the people we have here, first and foremost, have the opportunity to have a decent living, a good wage, and a place that they can be proud of to call home. That's Nebraska. That's our job to make sure that they have. Both of these bills deserve to be able to move forward. Please think about how you decide to vote on this bill. And if this bill's successful then think about how you vote on the next bill because, believe me, they are going to be interrelated. We can say they are separate, but they're not. So, please, dig deep, show some trust, and let's try to move forward together as a body. Thank you, Mr. President.

FOLEY: Thank you, Mr. Speaker. Senator Stinner.

STINNER: Thank you, Mr. President. Members of the Legislature, I have a mountain of information. I'd like to refute the naysayers, but I'm going to yield my time to Senator Kolterman.

FOLEY: Thank you, Senator Stinner. Senator Kolterman, 4:50.

KOLTERMAN: Thank you, Senator Stinner. Colleagues, I probably won't get another chance to speak because we're going to go to a cloture vote. But I want to begin by thanking you for your great debate, all the thoughts and ideas you've brought forward on LB720. I do think that through this process and with continuing input, we have improved this bill and have made it better. Also, and I put these thoughts together before Speaker Scheer just made his remarks, but I would like to thank him for, number one, making this the bill that it is, allowing us to work through this. It is a major proposal. The last time we did this was in 2007. It's time to upgrade it. I also want to thank all those people that were instrumental in crafting this bill and have worked on it throughout: Senator Lindstrom, Senator Williams, Lathrop, Hilgers, McCollister, Stinner. They-- they-- they've invested a lot of time since the day we dropped this bill, time and energy, and I really appreciate their-- their-- their hard work. And then Senator Bolz, Wishart, Crawford, Patty, Senator Pansing Brooks, you've all been very helpful with your contributions with amendments and improvements. I've had some great partners to work with: the State Chamber of

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Commerce, the Omaha Chamber, the Lincoln Chamber, and other groups and organizations across the entire state who have worked with us. Finally, I couldn't do this without a good staff: my legislative aide, Tyler Mahood; as well as Katie Quintero; and my legal counsel, Kate. They've been with us all the way along and helped me prepare. Colleagues, I want property tax as much as any-- property tax relief as much as anybody else in this room does. Unfortunately, the pathway forward for that this year was not an easy one and we haven't yet gotten there. But to say we're closed to a company that wants to look at Nebraska as a place to do business merely because we haven't yet achieved meaningful property tax relief just doesn't make sense. Some of you have said you haven't seen any evidence of growing our way out of property tax problem. Perhaps you haven't seen specific evidence. But, colleagues, I've talked loud and clear about all the businesses that have-- that have been generated in-- in many of the rural districts, whether it's Williams' or Friesen's or Gragert's or Brandt's or wherever it could be. Every one of the districts has had some growth, and that's important. But I'm not going to go any farther on that because we've already covered that. I believe, as I know many of you do, that our fiscal situation and our tax situation would most likely even look more bleak than the one we're facing right now. Colleagues, our businesses are listening. I hope the message this Legislature sends is that we value your commitment to Nebraska and we value the jobs you bring to our communities border to border. We've heard reportedly about property tax relief. I get it. It's important. I care about it too. But agriculture is not the only thing in Nebraska that drives our economy. Right now ag is down. We've got low commodity prices. We've got tariffs to deal with. We've got the cost of inputs going up and the high cost of property taxes. It's not pretty, I get that. When that happens, much of what we don't have any control over as a state is what--

FOLEY: One minute.

KOLTERMAN: --carries our state. It's business. So right now the corporate business is helping us get through these troubled times. LB20-- LB720 is different than other economic development packages we've had previously. I'd like your support on this. I-- I can't do any more than ask. I've tried to be as open and honest. This bill, as I started out saying, is transparent. It's simplistic. It's economically affordable and it's just good legislation. So with that, when it comes time to do a cloture vote, I would really appreciate your-- your vote. Thank you. And I-- I appreciate the debate we've had today and-- and I have tried to listen to your concerns.

FOLEY: Thank you, Senator Kolterman. Senator Brandt.

BRANDT: Thank you, Mr. Lieutenant Governor. Seven hundred five million one hundred fifty-four thousand dollars, that is the amount Senator Erdman said the Performance Audit Committee found that we've invested so far in business incentives. My question is, how much of that stayed in the state of Nebraska? How far could that money go to fund our schools and other things?

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That's something to think about. Speaker Scheer, thank you. There's a lot of discussion going on right now about things. And, Senator Kolterman, would you yield for a question?

FOLEY: Senator Kolterman, would you yield, please?

KOLTERMAN: Yes, I would.

BRANDT: Senator Kolterman, the Speaker talked about compromise across the aisle. Would your side of the aisle be open to a compromise on caps under \$100 million?

KOLTERMAN: Senator Brandt, we are looking at all kinds of caps. The-- the problem we have with caps is the fact that this is-- you have to earn the credits before you can get them so it's very difficult. Unlike Iowa, Iowa has caps on their bills but they pay their money up-front. We don't have that luxury. But we are open. We're looking at that. We've talked to-- to both sides of the aisle and they're trying to figure out a way to get that done in good faith. I just--

BRANDT: So--

KOLTERMAN: --I don't have it yet.

BRANDT: So could we possibly change our system to the way Iowa does it?

KOLTERMAN: Well, that would take a whole new philosophy. We'd have to up-front the cost. The way-- the way our bill is set up, it's pay for performance and so you don't get a nickel until you create the jobs and you don't get a nickel until you make the investment in the state. Then you have to apply for the credits. So we don't pay anything out until they've actually earned their money.

BRANDT: All right. Thank you, Senator Kolterman. I had a few notes here on what the average farmer in the state of Nebraska feeds, 165 people, and I think it's much more than that. I can tell you my family last year produced 12 semi-loads of meat, pork and beef, 25 train carloads of grain, corn, beans and wheat. And just on a little bit of wheat we produced, which was 112,000 pounds, is 112,000 loaves of bread, 170 tons of hay. I'm a typical farmer in southeast Nebraska. As a small business, I do not qualify for any tax incentives in the state but my property taxes, as a farmer, would have consumed half of my net income. So I hope that puts that into perspective for some people out there. We have a broken system here on property tax and very generous incentives on the business side. The system is broken, but I do feel that in the spirit of

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compromise in this room, we can come together and-- and fix that. With that, I would yield the rest of my time to Senator Bostelman.

FOLEY: Thank you, Senator Brandt. Senator Bostelman, 2:00.

BOSTELMAN: Thank you, Senator Brandt. I appreciate that. As we come to the close and, as Senator Kolterman mentioned, as we come closer to a cloture vote, a couple things. And I do believe there potentially could be a path forward with this, but it's not going to happen without some-- some type of incentive in order to do that. I do know that if you go out in the lobby, LB183 is being said it's dead, it's not going to be supported. So you go out in the Rotunda, you're being pulled out, they're killing LB183-- fact. So if this bill advances, once again, and if it gets-- goes final, big corporations, big businesses are not going to have to pay taxes, hundreds of millions of dollars, and the small-- the farmer, the rancher, the small business owner, the person in the grocery store, whomever, in rural Nebraska and small town Nebraska,--

FOLEY: One minute.

BOSTELMAN: --are going to have to pay those taxes instead. We need to have a compromise. We need to have something that will work for both. We cannot continue to have 150-200 percent increase on our property taxes. We can't survive. We're not surviving. We won't survive. Nebraska is not closed and will not be closed if this bill does not advance. There are other opportunities that can be brought forward to make that happen. Nebraska Advantage needs to go away. We need to make sure, if anything on incentivewise for businesses goes forward, that it needs to be something that's reasonable, that's right, and also looks at providing property taxes for those of us in the state that desperately, desperately need it. People who are going to lose their business, lose their livelihood, lose what they have had generations are going to lose it. But we're going to give--

FOLEY: That's time.

BOSTELMAN: --billions of dollars--

FOLEY: That's time, Senator Bostelman.

BOSTELMAN: --to businesses. Thank you, Mr. President.

FOLEY: Thank you, Senator Bostelman. Senator Murman.

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MURMAN: Thank you, Mr. President. And I also would like to thank-- express my appreciation to Senator Kolterman and the Revenue Committee for bringing this bill forward. I know they worked hard on it. And I think we had a great discussion today. I'd like to go back to something that Senator Williams said about we need to have a lot of commonality on the floor. A lot of senators or most all the senators in the discussion have mentioned property tax relief. Well, property tax relief is the number one issue in this state. We need to all work together. I know that this bill could get more support if the number one issue was taken care of and that's property tax relief. If we give businesses incentives, there's always a question about, well, would the business have done that expansion or come into the state, whatever the case may be, with or without the incentive? Well, there's one thing we do know about property tax relief. When we give property tax relief, that extra revenue is spent immediately in our state. That's true economic development. Agriculture is about a fourth of the economy of this state. Why isn't agriculture 100 percent behind this bill? Well, it's a real easy question to answer. It's because we've-- we've been suffering with high property taxes for years and it doesn't seem like anything substantial can be done about it. We need to take care of the number one priority first and that's property tax relief. Now, I'd like to go back and talk a little bit about the Great Recession of a few years ago. There was a reason that Nebraska's economy did very, relatively, well compared to the rest of the-- of the country, and that reason was that agriculture at that time was doing relatively well, very well actually. So the agriculture economy kept this state right up there near the top in how well the economy was doing. With property tax relief now, a very similar thing will happen. Agriculture, the number one industry in the state, will reinvest that extra revenue right in the economy. That's economic development. We do need to all work together, as Senator Williams said, and I think we can do that, but we need to have both property tax relief and economic incentives, both, in order to do that. So we've been asking for that for a long time, and not just agriculture but the whole state needs property tax relief now. How can we even say that we can forgo this large amount of revenue right now when we haven't even adequately funded the schools in this state? So thank you very much and I will yield the rest of my time to Senator Friesen if he would like it.

FOLEY: Thank you, Senator Murman. Senator Friesen, one minute.

FRIESEN: Thank you, Senator Murman. Again, when we look at what this package will do, there-- there's numerous items that still need to be fixed. There's still no caps in place on how much revenue it's going to lose, how much we're going to forgo. I still want to see full-time jobs, not part-time jobs. There are fixes to this bill. And if they truly want to make those, we're going to have to see some movement. I think when we look at these packages and if we can improve them and at least make them livable, I think there-- again, I said I didn't want to kill the bill, but I still think property taxes need to be in our forefront when we're talking. And we need to limit those revenue exposures so that they don't deplete our revenue growth--

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FOLEY: It's time, Senator.

FRIESEN: --so that we cannot do things.

FOLEY: That's time.

FRIESEN: Thank you, Mr. President.

FOLEY: Thank you, Senator Friesen. Senator Clements.

CLEMENTS: Thank you, Mr. President. I also thank Senator Kolterman for his hard work in trying to improve something that did need improving. The Advantage Act does need updating, in my opinion. My district does have several projects developing new business and bringing in jobs. I like that this bill has more reporting and evaluation provisions especially. I am with this amendment, AM1934, I'm concerned with two provisions I see. Most of the other provisions in it I think are beneficial, but on page 4, Section 63, says about the \$2 million Community Economic Opportunity Act, it says we'll have an appropriation in year 2019-2020 of \$2 million. That starts July 1 and I-- I don't see where there is funding for this. Current budget doesn't have \$2 million and haven't heard anybody describe where it's going to be funded. So I have a problem with that section. Then on page 5, with the benefit corporation provisions, gives an extra percent, 1 percent for some companies, and I don't like that. It's picking a winner against a loser. My small business has been benefiting my community for 130 years as of July 1, and we've had no incentives. But we do give to our community. We volunteer. And I think an extra 1 percent incentive for one type of company, for one group singles out one winner and I think they should be treated equal. I don't mind the fact that I haven't received incentives. I really have never wanted to rely on any government programs, rather be more independent. But I-- as far as LB720 goes, I hear we're talking about some caps or controls to limit the cost. I think it's important to be able to identify what the revenue we're giving up is. And I also want to see substantial property tax relief. I think the businesses betting-- benefiting for this are going to get a lot of tax relief, but our agricultural economy is definitely having harder times and we need to do something. Hopefully we can this session bring out something to give them some relief. I think all of us know that's been the number one issue that our state has been facing, both rural and the urban. So I'm not in favor of AM1934 the way it is. If this goes to Select File, I hope some of the provisions are corrected. And with that, thank you, Mr. President.

FOLEY: Thank you, Senator Clements. Senator Briese.

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BRIESE: Thank you, Mr. President. And good afternoon again, colleagues. I think a lot of us have been talking about a package for several days, if not several weeks, LB720 type LB180 slash LB183 package, to accomplish incentives, programs that will help our business communities grow, that will add to employment and business investment in our state, needed employment investment, help our state grow. But at the same time we've also been talking about bringing along everyday property taxpayers. And I spoke earlier about bringing these two concepts together simultaneously. Somebody questioned my word "simultaneously." My thought was, well, we're going to amend on LB720 to LB183. But I appreciate Senator Scheer's-- Speaker Scheer's comments on this. Appreciate his leadership on this. And-- and I realize that LB720 probably needs a little more work. It's a little more work than I would be-- than we would be able to accomplish as an amendment on LB183 in the next three hours. It's something that is perhaps best addressed by getting it to Select File, trying to work out some of the details on it. And so I think it's time that we demonstrate to Nebraskans that we can come together, urban and rural interests, to do what's best for the state, to grow the state, bring the state forward. I think for that reason I'm going to support LB720 at this point. But as part of that commitment to support it, I will-- I and others will expect support for property tax relief. We will expect support for LB183. We will expect that LB183 moves forward. And so support for LB720 for a lot of folks, myself included, will always be contingent on property tax relief being attained also. But for now, I think we-- we need to demonstrate to the state that we can come together and try to do what's best for the state. And for that reason, I'm going to go ahead and vote for cloture on LB720. Thank you, Mr. President.

FOLEY: Thank you, Senator Briese. Mr. Clerk, you have a motion at the desk?

CLERK: I do, Mr. President. Senator Kolterman would move to invoke cloture, pursuant to Rule 7, Section 10.

FOLEY: It's the ruling of the Chair that there has been a full and fair debate afforded to LB720. Senator Kolterman, for what purpose do you rise?

KOLTERMAN: I'd like to have a call of the house and a roll call vote in reverse order, please.

FOLEY: Thank you, Senator Kolterman. There's been a request to place the house under call. The question is, shall the house go under call? Those in favor vote aye; those opposed vote nay. Record, please. Members, there's been a technical problem. We're going to cancel this vote and revote. We'll wait just a moment, please. There's been a request to place the house under call. The question is, shall the house go under call? Those in favor vote aye; those opposed vote nay. Record, please.

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CLERK: 27 ayes, 4 nays, Mr. President, to place the house under call.

FOLEY: House is under call. All senators please return to your desk and check in. The house is under call. Please check in. Senator Wayne, Senator Groene, Senator Hunt, please check in. The house is under call. All members are-- are present. The first vote is whether or not to invoke cloture. There's been a request for a roll call vote in reverse order. Mr. Clerk, please call the roll.

CLERK: (Roll call vote taken.) 37 ayes, 8 nays, Mr. President, to invoke cloture.

FOLEY: The motion of cloture is successful. Our next vote will be consideration of AM1934, Senator Wishart's amendment. Those in favor of the amendment vote aye; those opposed vote nay. Have you all voted who care to? Record, please.

CLERK: 30 ayes, 13 nays, Mr. President, on the adoption of the Senator Wishart's amendment to the committee amendments.

FOLEY: AM1934 is adopted. Proceeding now to the Revenue Committee amendment, AM1614. Those in favor vote aye; those opposed vote nay. Have you all voted? Record, please.

CLERK: 34 ayes, 7 nays, Mr. President, on the adoption of the committee amendments.

FOLEY: The committee amendment, AM1614, is adopted. And finally the vote to-- whether or not to advance the bill, LB720, to E&R Initial. Those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record, please.

CLERK: 28 ayes, 5 nays, Mr. President, on the advancement of the bill.

FOLEY: LB720 advances. I raise the call. LB720A, Mr. Clerk.

CLERK: Mr. President, LB720A is a bill by Senator Kolterman. (Read title.)

FOLEY: Senator Kolterman, you're recognized to open on LB720A.

KOLTERMAN: The A bill follows the bill that we just advanced. It's not going to be accurate until we put all the amendments in there. It's the original A bill that we had. We think it's going to come down some. But I would appreciate a green vote on the A bill as well. Thank you.

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FOLEY: Thank you, Senator Kolterman. Discussion of the A bill? I see none. Senator Kolterman, you're recognized to close on the A bill. He waives closing. The question before the body is the advance of LB720A to E&R Initial. Those in favor vote aye; those opposed vote nay. Have you all voted? Record, please.

CLERK: 29 ayes, 5 nays, Mr. President, on the advancement of LB720A.

FOLEY: LB720A advances. Items for the record, please?

CLERK: Thank you, Mr. President. Study resolutions: LR241, LR242, LR243, LR244, LR245, LR246, all be referred to the Executive Board. Amendment to be printed to LB720, two amendments by Senator Brewer. That's all that I have, Mr. President. Thank you.

FOLEY: Thank you, Mr. Clerk. Proceeding now to Select File, 2019 senator priority bill. LB183. Mr. Clerk.

CLERK: Mr. President, no E&R amendments. Senator Briese, I understand you wish to-- you have AM709 pending, Senator. I understand you wish to withdraw AM709 and offer as a substitute AM1962.

BRIESE: Yes.

FOLEY: Without objection, so ordered.

CLERK: AM1962, Senator.

FOLEY: Senator Briese, you're recognized to open on AM1962.

BRIESE: Thank you, Mr. President; and good afternoon, colleagues. Had a great discussion on Senator Kolterman's business incentive package. We talked about a lot of things there, covered a lot of ground. But now we're going to shift gears a little bit. We're going to talk about property taxes; and the property tax train truly is leaving the station. We're going to be heading home here in a couple of days and we have to decide, we have a decision to make. Are we going to go home and leave the property taxpayers empty-handed or are we going to try to follow through on our promises, follow through on our commitments, and try to deliver property tax relief? And I'm going to be talking about LB183 and AM1962 in the next ten minutes or so. And is it a perfect amendment? No, it never is. We can all pick it apart here and there and everywhere. But I'll tell

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you this, it's straightforward, it's effective, and it's simple. We've spent considerable time discussing business incentives, the fact we must compete with our neighboring states when it comes to attracting businesses and keeping business. Growing our state depends on our ability to attract investment and grow jobs in our state. But growing our state also hinges on our ability to address another issue, and that is our overreliance on property taxes. Colleagues, we have a property tax crisis in this state. We were sent here to do something about that. AM1962 will provide property tax relief to Nebraskans. Which I said earlier, it's straightforward, effective, and most importantly it's simple. So what's it do? I handed out a sheet as an exhibit that I think, it's front and back, white paper that describes in a nutshell what it does. First of all, it does replace the original LB183. The new language in the amendment does a handful of things. It generates new revenue by eliminating the personal property tax exemption and by eliminating a laundry list of sales tax exemptions and exclusions. It directs the revenue to increasing the earned income tax credit from 10 to 13 percent of the federal level. It directs the bulk of the new revenue to the Property Tax Credit Fund, at least temporarily. It establishes a statutory minimum distribution from the Property Tax Credit Fund of \$275 million, which is the number we landed on here a week or so ago in budget discussions; plus the net increase in revenue generated from this bill. But it also sunsets that statutory minimum when state appropriations to K-12 education reach 120 percent of the prior year's amount. So what about some of the specifics? The expansion of the sales tax base is a needed reform of our tax code. Note that most of the items listed there are services and why is that important? When sales tax regimes were implemented decades ago, we were predominantly a goods-based economy. Go back half a century or longer, we were-- our economy was comprised two-thirds of goods transactions. Since then, the tables have-- the numbers have essentially flipped. We're about one-third goods, about two-thirds services. Because of that, our sales tax base is not reflective of today's economic realities and our base has essentially shrunk. Note that the sales tax exemptions in this amendment are the same ones included in LB289. As such, they are the same ones that we, as the Revenue Committee, decided on as a committee. And from one of the-- I guess I don't have the exhibit, but you would note that almost all are goods or services taxed in our neighboring Iowa and many are taxed in several of our surrounding states. And what about the increase in the earned income tax credit? That's designed to compensate our most vulnerable citizens for their additional sales tax outlay. The EITC is recognized as a very effective tool in combating poverty. And it's a good tool to minimize the impact of base expansion on our low-income friends. Property tax relief is achieved by this bill through the Property Tax Credit Fund. The Property Tax Credit Fund has been delivering relief to Nebraskans for over a decade. It's fair. It's effective, it's easy to understand and it delivers relief to everyone. And like Senator Lindstrom's LB303, it establishes a statutory floor for distribution through that fund. That floor, like I said earlier, is \$275 million, plus what we landed on, which is what we landed on earlier debate, plus the net increase in revenue generated by this bill. And this floor is critical to ensure that the additional dollars we generate by this bill actually yield property tax relief. So they're not siphoned off elsewhere. But note that the minimum sunsets when we as a body decide on K-12 funding reform that increases

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our funding of K-12 education by 20 percent in any one year. So these dollars are held and distributed through the Property Tax Credit Fund pending their use in K-12 funding. And there's a lot of sentiment in this body to revise and revamp and reform how we fund K-12 education in this state. These additional dollars in the Property Tax Credit Fund can give us a head start on that. And I believe it will incentivize us to find a way to structurally reform K-12 funding in our state. Colleagues, I look forward to the debate on AM1962. And I will talk in greater detail on some aspects of it. And we can try to pick it apart with concerns over this, concerns over that, quibble over this, quibble over that. And should you like or agree with each aspect of it, most likely not; but in its entirety, I submit that AM1962 is good legislation. It will provide property tax relief for all Nebraskans. It will avoid contentious debate and discussion on the looming issue of school funding reform. It will provide a head start on needed sales tax reform in Nebraska. It will ensure that these dollars go to property tax relief. At the same time, it will protect our most vulnerable citizens. But most importantly, it will give us an opportunity to show Nebraskans that we care about their plight, that we hear their concerns, and that we're going to do something about the property tax crisis in Nebraska. And it will also demonstrate that we can come together, rural and urban interests, and for the good of the state move legislation forward that will benefit all of our state. I look forward to the discussion and ask for your support on AM1962. Thank you, Mr. President.

SCHEER: Thank you, Senator Briese. Those waiting to speak: Senator Linehan, Friesen, McCollister, Chambers and others. Senator Linehan, you're recognized.

LINEHAN: Thank you, Mr. President. I have for-- and thank you, Senator Briese, for bringing this bill and giving us a chance to discuss property taxes and school financing. I know many thought that LB289 was too big of a lift. So here we are. But I do want to remind us, maybe something we didn't talk about enough on LB289, so I handed out this little picture, graph thing, that my staff was kind enough to work on last night. And I just want to explain, it's self-evident what it says and what this conversation should be more about than it has been thus far. So on your left-hand side, you have TEEOSA spelled out in a crossword puzzle style. And on the right-hand side you have an amount of money. So, what this means is there is 23,410 students in the state of Nebraska that receive over \$6,000 in funding from the state for their education. Next down, you've got 66,639 students that receive between \$5,000 and \$6,000 per student from the state. Then you have 77,368 students who receive between \$4,000 and \$5,000. In the middle there, in the O, you have almost 60,000 students who receive between \$3,000 and \$4,000. Then we start going downhill. You got 23,635 children who receive between \$2,000 and \$3,000. We have almost 50,000 students in Nebraska public schools that receive between \$1,000 and \$2,000 per student for their education. And then we have these students down here below the slash and the A, 3,458 students that receive less than \$1,000 in aid from the state. And this includes the Property Tax Credit Fund. So this is TEEOSA and the Property Tax Credit Fund. The only funding that's not included in these numbers is your special ed funding. Now, I don't know how

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any of us can look at that and say that's fair. How is that fair? So we not only have a property tax crisis, which maybe we can-- I'm hopeful we can start to address this with this bill, but we're going to have to do this lift, guys. How do you look at a student-- and these aren't-- these 3,000 children, let me tell you the schools they represent: Waverly, that's pretty close-by, I think we all know where Waverly is; Plainview Public; Randolph Public; Pleasanton Public; Syracuse-Dunbar and Avoca. So then we can go to the next almost 50,000 kids and you're talking about Fairbury, Wood River, Gibbon, Oakland, Arapahoe, Seward, Holdrege, Lyons-Decatur, Bridgeport, Kimball, Wahoo, Conestoga, Pierce, Minden, Superior, Madison, Sterling, Ainsworth; these aren't all little schools. Seward has 1,361 children; Holdrege has over 1,100 students; Syracuse-Dunbar--

SCHEER: One minute.

LINEHAN: --who is at the bottom of the pack, they have 718 kids-- students. Waverly, which is next from the very bottom in state funding, that's just across the line from schools who are in quite a different situation, Waverly gets \$822 per student. Now I don't know how you look at that and say that's fair. And this is directly tied to our property tax issue. The property taxpayers in Waverly, ag producers, and homeowners are paying \$1.05 levy. Their taxes are high. I think maybe that's related to the fact that we as a state only see fit to give them \$822 a student. We need to have-- I'm disappointed so many people--

SCHEER: Time, Senator.

LINEHAN: Thank you.

SCHEER: Thank you, Senator Linehan. Senator Friesen, you're recognized.

FRIESEN: Thank you, Mr. President. Thank you, Senator Briese, for bringing LB183 and the changes that you've offered. So, I'm just going to talk a little bit, this is one small step that we need to take. It's not the big step that LB289 was. I still-- if LB289 was not a bad bill, it was just too big, I think, for everybody to handle this year. But unfortunately, we still have to make that step next year. This just kind of puts the funding in place that gets us somewhere toward that goal and it's not finished yet. When you have had 150 to 200, 300 percent increases in property taxes in rural areas, that takes away from economic development that can happen out there naturally. We invest in our own areas, if there is money to be invested. And right now, agribusiness, agriculture, everyone out in the rural areas is reeling from the low commodity prices. We will turn around eventually; we always do. It's just a matter of time. But until we get away from our over-reliance on property taxes to fund education, we're going to continue to see these spikes. And that's what my goal has been all along is to change fundamentally how we

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fund education, to give some of those 170 school districts that get little to no state aid some state support. I know there is some high cost schools out there, but in those rural areas, there is usually a reason for that high cost; it could be special education, it could be other things. So, it's not always-- it's a lack of students. Sometimes they only have six or seven kids per classroom. But they've already consolidated. They're already traveling 30, 40 miles, 50 miles one direction to go to school. I have friends I know that they actually bought a house in town so their kids could live in town during the school week and they go home for the weekends. That's what they're sacrificing for a basic education. They don't have all the bells and whistles that are available in the larger schools. But we still have a lot of good kids from rural Nebraska to come to the university here, come work in Lincoln and Omaha. So we continue to have that depopulation of rural Nebraska because we're getting more and more efficient in agriculture and we're able to produce with less and less farmers. And we also have less and less ag businesses that need the service. We're becoming more efficient. So we need to diversify. We need to change our economy in rural Nebraska. And that was one of my hopes for LB720 is that they could address some of the economic development that needed to be done in rural Nebraska. I still don't think they're there yet. But this is just one small step, again, to try and address how we fund K-12 education. We are number one in the country in ag property taxes. We have seen an average of 150 percent increase in our taxes, while the urban residential has averaged 13 percent in the last ten years. Something in TEEOSA was broken. And I'm not saying the whole TEEOSA formula was broken, I just-- the Legislature failed to address the changes that were happening and no one expected that and so everyone just stood aside and watched it happen. And now no one wants to step up and make those changes to fix it. This is just a small step in that direction. LB289 tried to raise a lot more revenue than this, and that's still what we need.

SCHEER: One minute.

FRIESEN: Did you say time, Mr. President?

SCHEER: One minute.

FRIESEN: So we still, when we look at the shift that occurred in agriculture, it was roughly a billion-dollar shift to agriculture. As all those schools out there continually lost state aid, all of that cost was shifted on to ag land because the residential and commercial property values were holding steady, at best, and in some cases falling. And so all of that state aid that was lost, that was shifted to agriculture and then all of the increase in cost of education over those ten years was also pushed on to agriculture. It's a burden we can't bear year in and year out. When commodity prices were high, it was kind of fun paying income taxes for a change. But we go through cycles and we've gone through cycles in the past and we'll do them again. I look forward to that next upward cycle to where I can pay income taxes again. Thank you, Mr. President.

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FOLEY: Thank you, Senator Friesen. Senator McCollister.

McCOLLISTER: Thank you, Mr. President; good afternoon, colleagues. I want to thank the body for its vote on LB720. I think that's a good vote, particularly on General File, and we'll continue to make the bill better as we go along. I also want to thank Senator Linehan for the noble work she's been doing on the Revenue Committee. We have been focused on property tax reform. And she and Senator Groene worked very diligently to find something. We didn't quite get it done this year, but she did work hard, and I'm grateful for that as well. I think we need at some point to tax farm land differently. I know we currently base it on the value of that farm ground, but maybe some combination of the value of that farm ground along with the income potential for that farm ground is something we ought to look at next year, because we sure as heck don't quite have it yet. LB183, I think, does a good job of modernizing our sales tax system. For ten years I've been advocating for a broader sales tax. Most states have already done that, most states have already modernized their sales tax program to include more services. Ours is so narrowly directed to goods that it really doesn't reflect the modern way of collecting sales taxes. Senator Briese put together a pretty good list of comparative states. And we went through what other states charge and don't charge for sales taxes. And I think he's-- this bill is a result of that effort and I commend him for it. To tax-- not tax bottled water but tax tap water in Omaha is absolutely ridiculous and something we ought to fix. So with that, I would recommend approval of AM1962 and LB183 and let's move this bill forward for good property tax relief. Thank you, Mr. President.

FOLEY: Thank you, Senator McCollister. Senator Chambers. Senator Chambers, you're recognized.

CHAMBERS: Thank you, Mr. President. Members of the Legislature, there are two things that I see that need to be done with this bill. I'm working with Dick Brown to make sure that we coordinate those amendments to what is now being considered. I don't think there should be a tax on haircuts. The term that is in the bill is hair care, but that would include haircuts. The other one relates to the tax on veterinary services for what they call pet animals, but that would include service animals. If those two amendments cannot be adopted, then Senator Briese is going to have to fight me off for the rest of the afternoon. So I'd like to ask him a question.

FOLEY: Senator Briese, would you yield, please?

BRIESE: Yes.

CHAMBERS: Senator Briese, are you opposed to allowing the exemption on haircuts to remain?
Allow haircuts to be exempted from the sales tax?

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BRIESE: I would like to see the exemption on haircuts removed, not removed from the bill, but the exemption removed. And the reason I say is that, Senator, is haircuts are something that we all utilize. An ideal sales tax base is a broad base bringing in as many folks as possible instead of a small segment of our population. And haircuts bring in an awful lot of us. It's a broad base and I think it makes good sense to have a tax on those things.

CHAMBERS: Well, I'll tell you why I'll fight your bill, because I was a barber and I saw the number of women, poor women who brought their children in for haircuts. And don't tell me about an earned income tax credit or anything like that because that's the sham they did when they had a tax on food. They said we'll give you food tax credit when you file. People didn't file. It was known by the Legislature, so they calculated the amount of money that would be returned if these poor people claimed it, knowing the poor people did not claim it, they lumped all that together and made it a line item in the budget that they would count as money available to the state. In other words, they never expected people to claim that food tax credit because they were not going to file. The same with these haircuts. These women are not going to file. The other one had to do with the tax on veterinary services for pet animals. But you're not taxing veterinary services for cattle. And we're toward the end of the session, if I can't stop this bill, I'm going to work on other bills. You've told me that you're not going to accept those attempts to remove them from your list of exemptions to be taken off. Is that correct?

BRIESE: Well, regarding the pet exemption, we don't -- we're not trying to remove the exemption on cattle and livestock because that's considered a business input. And when I talk about exemptions later, I'll kind of describe our train of thought within the committee as how we arrived on these exemptions.

CHAMBERS: But here's what I want to know, you want to maintain the tax on haircuts, yes or no?

BRIESE: At this point, yes.

CHAMBERS: And you want to maintain the tax on pet animals, yes or no?

BRIESE: At this point, yes.

CHAMBERS: Then I can easily draft amendments to your bill and that's what I'm going to do, but I wanted to know where the battle line is. And I think I can carry us three hours, or whatever the time is, and we'll see if you've got 33 votes.

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FOLEY: Thank you, Senator Chambers. Senator Bolz.

BOLZ: Thank you, Mr. President. I have several questions for Senator Briese, if he would yield.

FOLEY: Senator Briese, would you yield, please?

BRIESE: Yes.

BOLZ: Senator Briese, you'll have to forgive me, we're in the waning hours of this session and I'm just getting a chance to see this amendment. So I'm going to throw some questions at you real quick and I hope you can just kind of try to keep up with me. My first question is this amendment continues to-- it removes the exemption on motor vehicle repair and maintenance.

BRIESE: Yes. Yes, it does.

BOLZ: That's correct. OK, so that's my first concern. In terms of District 29, I'm pretty hesitant about that, I think that's a pretty regressive tax. I just want to make sure I'm clear, that would apply equally to motor vehicle repair for someone in my district who, say, has a truck that he uses for his roofing business or a car that she uses for her floral delivery business, is that accurate?

BRIESE: Yes, that would be accurate.

BOLZ: Very good. That's great. So that's one of my concerns is that we already have an exemption for folks who work in the ag industry for their vehicles. And so that seems a little disproportionate, right? That that's one concern of mine. I have another question. So can you tell me-- I know the concept of the earned income tax credit. I used to work on this, but I don't know the specifics off the top of my head. How-- how much-- how many-- what percentage of people in Nebraska qualify for the earned income tax credit?

BRIESE: I believe it's about 130,000 folks, and I can't do the math in my head, but would that be, what, 7 percent, something like that?

BOLZ: 7 percent or so, and what--

BRIESE: Of our population.

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BOLZ: What would the top income earner for someone getting the earned income tax credit be?

BRIESE: I'd have to look at the numbers, but it's in the-- I think it's in the \$40,000 to \$60,000 range, but I can't give you anything more specific.

BOLZ: And that is if you have a family and you are earning income.

BRIESE: Yes.

BOLZ: So it's not for everyone who is lower, moderate income, and it's only for people with families and people who have a job right now, right?

BRIESE: Yes. That's true.

BOLZ: OK. So that's another one of my concerns is that all of these-- repealing all of these exemptions, I think, broadly impacts folks. And I'm not sure that the earned income tax credit completely counterbalances that. So that's a concern for me. The handout that you passed out said that we have-- that this creates about \$100 million in revenue, is that correct?

BRIESE: I would say 112 to 114, somewhere in there.

BOLZ: 112 to 114, some of that is counterbalanced by the earned income tax credit, right?

BRIESE: Yes. That would be subtracted from that.

BOLZ: Right. So we're putting about \$100 million into the Property Tax Credit program?

BRIESE: Yes, give or take.

BOLZ: OK. Does that solve the property tax problem?

BRIESE: No, I would say not.

BOLZ: OK. How much more do you think that we would need to solve the property tax problem?

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BRIESE: That's a matter of opinion. I would like--

BOLZ: Your opinion.

BRIESE: My opinion, I'd like to ask Nebraskans and see what they think about that. But it would take considerably more than that. It depends on the metric you use. If you're talking about balancing the three-legged stool; if you're talking about education funding relative to our neighboring states; talking about education funding relative to all states; whether you're-- depending what you are comparing to. So you can be talking 400 to 900 million would be my--

BOLZ: OK. Well, here are my concerns-- here are my concerns, Senator Briese. I think, first, there are some regressive aspects to this bill that are not counterbalanced by the earned income tax credit, even if you don't apply a full regressivity litmus test. I do think that there are some low and moderate incomes who will-- income folks in my district who will be paying more. Some of those folks might be renters, some of those folks might not-- may not see the benefit on their property tax credit bill, and that's something I have to weigh, representing the interest of my district. My other concern is, because we're not really completely resolving this issue, we'll need to come back again year after year and think of other ways to resolve these problems. I think what is preferable to me is that we bring together--

FOLEY: One minute.

BOLZ: --a big picture resolution to all of these issues, that if we are taking the step and I'm asking my residents to consider paying more in, that we can have a real benefit that I can return back to my district and say, hey, I understand this is a difficult thing to ask of you to pay more for motor vehicle repair or certain food items or fixing up your home, but in return for that, we're revamping our education system and you're going to see the best outcome possible that we can come up with for our school funding. That's what I would prefer to see. And so I'm going to keep listening because, like I said, I'm just having the opportunity to review AM-- my eyes are a little bit blurry at this point in the day-- 1962. I'm going to keep listening. But I'm hesitant because of some of those issues, and I would like to see a resolution to our property tax challenges.

FOLEY: That's time, Senator.

BOLZ: I'd like to see big resolution. Thank you, Mr. President.

FOLEY: Thank you, Senator Bolz. Senator Cavanaugh.

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CAVANAUGH: Thank you, Mr. President. I have brought amendments to this bill. It is my understanding that I have to bring them a new amendment to the new amendment, but I'm working on that. My amendment does reinstate some of the exemptions. I'm just looking at the sheet that Senator Briese had passed out. Reinstates the pet-related exemption so that that exemption is not just for agricultural or farming. It reinstates the motor vehicle repair, candy, soft drinks, bottled water, and items relating to weight loss. That is, I believe, a healthcare expense and we should be encouraging people to take better care of themselves, not disincentivizing it. So that is the amendment that I currently have pending. I will also be bringing, and I know that everybody is going to ask themselves, if you are listening to a broken record today, I am bringing a tobacco tax amendment. So I look forward to us having a discussion about tobacco tax, the healthcare crisis that is existing in this state because of tobacco usage and the hundreds of millions of dollars that we can save if we were to increase the tobacco tax by a dollar, by a dollar, not to a dollar, but by a dollar. We can save lives, we can save money, and we can generate revenue. So I hope that this body, after the robust conversations we have been having about our revenue stream issues, about our funding issues, about our budgetary issues, that we can have a robust discussion about what it would mean to the state of Nebraska to increase the tobacco tax by one dollar. We would stay competitive with our bordering states. We would not suffer from border bleed as a result of increasing it by a dollar, but we would see the healthcare benefits of increasing the tobacco tax. We would save hundreds of millions. These are real numbers. Hundreds of millions of dollars in state spending if we were to raise the tobacco tax. And I think that we as a fiscally conservative body would welcome the opportunity to cut state spending by hundreds of millions of dollars. Again, we have an opportunity to cut state spending. We have an opportunity to save lives. We have an opportunity to generate revenue with the tobacco tax. So the Bill Drafter's Office is diligently working on an amendment for me that I will bring to this bill. And I look forward to us continuing that conversation. If I have any time left, I'll yield it to Senator Chambers.

FOLEY: Thank you, Senator Cavanaugh. Senator Chambers, 2:00.

CHAMBERS: Thank you. Mr. President, what I'm going to try to do first is eliminate the tax on veterinary services for pet animals. The current law makes an exception for veterinary services for cattle. Once again, the "ruralees" get the special consideration and Senator Briese can say for business purposes if he wants to, and maybe that's true. But these service animals serve a very important function and farm people don't care about anybody except themselves. That's what all of their yakety-yakking about property tax exemptions is about, not people. And these people who use the service animals and those who have only the so-called pet animals as companions are in need of those animals. And you all may find it to be trifling.

FOLEY: One minute.

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CHAMBERS: You may find it funny. But if you saw some of the people who rely on these animals, the reliance they place and the good that these animals do for those people, it might still be funny to you because you out there in the rural areas get thrills out of killing animals. I'm going to be blunt. I don't have respect for you at all. You don't respect the things and the people that mean something to me, then we're going to go to the mat on this bill. And here's the way I'm going to draft amendments. I'm just going to turn to a page and pick some words and say on page 6, strike, and put some words to keep us on this bill. And if Senator Riepe-- if Senator Briese has 33 votes, then he can hold me off. But we're going to take that time and we're going to take it when it gets to Final Reading. And I will tell you all this-- your anger, your indignation--

FOLEY: That's time, Senator.

CHAMBERS: --will only fuel me. Thank you, Mr. President.

FOLEY: Thank you, Senator Chambers. Senator Murman.

MURMAN: Thank you, Mr. President. I'd also like to thank Senator Briese and the Revenue Committee for bringing this bill forward. I know Senator Briese has worked on this property tax relief for years now and I hope this year will be the year that we can do something substantial to relieve the stress and especially in the agricultural community, but the coming stress from high property taxes that is just starting to surface and will only increase in residential and commercial property. Maybe LB289 was a little bit too heavy of a lift, apparently, to get passed this year. This bill will not solve the property tax problem in this state as has been talked about already, but it is a step in the right direction. Our tax system in Nebraska is really outdated. Sales tax, originally when it was first put on in the state and in several other states around the country, was only on goods, and the economy has completely changed since that happened, both in Nebraska and nationwide. It's went a lot more towards services, the economy went a lot more towards services. And to modernize our tax code, we need to put that sales tax on more services. And it's a tax shift, and it's not an increase because we are going to lower property taxes while we are modernizing our sales tax system. I'd like to talk a little bit about just what the-- what's going on in the economy in rural Nebraska. We all know how stressful farm life can be. Things are even tougher now because of the farm economy. More farmers are affected either directly or they have a friend or family member in distress. We already know that this is happening. Rural Nebraska is hurting, just not economically, but also emotionally. Even as the rest of the economy has boomed, farmers and ranchers are in year six of a widespread commodity price slump. We can and must do more to address farmers' stress and mental health issues in rural America and especially in rural Nebraska. Farmers and farm workers surveyed on the national level said financial stress is their-- 91 percent said financial stress was their number one concern, and 88 percent said business problems were also a big concern; and a fear of losing the farm, 87 percent

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said that was a big concern. Those were the top three concerns. Other factors were stress, weather, and the economy, and of course in Nebraska the big factor is extremely high property taxes. Nebraska needs to stay competitive with of the rest of the nation.

FOLEY: One minute.

MURMAN: As I was campaigning around the state, I heard often, you know, I've got the southern tier of counties, and I heard often about how farmers are looking to rent farm ground or pasture ground in Kansas because of the lot lower property taxes. And I also talked to an organic farmer, just a young couple in Elm Creek and said they were seriously considering moving out of the state just because of high property taxes. So it's a huge problem in the state. The vote on LB289 came in very slow, the positive votes came in very slow, and I think several of the senators are very hesitant to support that economic package until we get substantial property tax relief. The two things are closely tied together and I hope we can all work together--

FOLEY: That's time, Senator.

MURMAN: --to pass this bill. Thank you very much.

FOLEY: Thank you, Senator Murman. Speaker Scheer.

SCHEER: Thank you, Mr. Lieutenant Governor. Colleagues, just a heads-up on this evening. This will-- I'm assuming we'll probably go three hours. We'll have two hours in, approximately, by 5:30. So I'm planning on taking about a 45-minute break at 5:30 for dinner, coming back at 6:15 and finishing, hopefully, as much as possible left on the agenda. We will-- at the latest I anticipate trying to go would be somewhere around 11:00. I don't want to burn the candle too long. So 11:00 probably, somewhere around that is the maximum. And about 5:30 for a dinner break, 45 minutes. Thank you.

FOLEY: Thank you, Mr. Speaker. Continuing debate, Senator Lowe.

LOWE: Thank you, Lieutenant Governor. A quote from Milton Friedman: there are four ways in which you can spend money. You can spend your own money on yourself. When you do that, you really look and watch out what you are doing and you try to get the most for your money. Then you can spend your own money on somebody else. For example, I buy a present for someone. Well, then I'm not going to be so careful about the content of the present, but I'm going to be careful about the cost. Then I can spend somebody else's money on myself. And if I spend somebody else's money on myself, I'm going to have a really good lunch. Finally, I can spend

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somebody else's money on somebody else. And if I spend somebody else's money on somebody else, I'm not concerned about how much it is and I'm not so concerned on what I get. And that's what we get with government. Ladies and gentlemen, I am in favor of LB183. I'm opposed to AM962 because I'm not in favor of raising taxes on anyone. And that was my promise when I ran for election. We have to figure out how we are going to cut costs to government. And that's the key. It's the cost. It's not what we spend, because we will always spend on what they want. So let's cut costs to government. And with that, if Senator Briese would like some time, I'd like to yield Senator Briese the rest of my time as he finishes up talking.

FOLEY: Thank you, Senator Lowe. Senator Briese, 3:15.

BRIESE: Thank you, Senator Lowe, I appreciate that. Thank you, Mr. President. Going back to Senator Linehan's comments earlier, I agree, school funding reform really needs to be the goal and there's a lot of sentiment for that in this body. That is the ultimate goal, reform of how we fund K-12 education in Nebraska. And I applaud the work of the Revenue Committee, especially the hours that Senator Groene put in helping to develop the school funding formula found in LB289, Senator Groene and others. And I appreciate that. And going back to Senator Chambers and Senator Bolz's concerns, I appreciate those comments also. Regressivity of a sales tax base expansion or a sales tax increase is always a concern. And it would seem that the best method we have of addressing regressivity is the earned income tax credit. My office has looked for other options, looked at other options, studied other options, and there's not really an easy way to do that-- a more effective way of doing that than the earned income tax credit. Is it perfect? Heck no, it's not perfect. There are some legitimate concerns with it. But I think it's the best method we have. And by going to increasing it 3 percent, I think-- you know, we've-- I'd hate to say overshot the mark, but, you know, we are being generous with that increase. I'm confident of that. We are more than compensating our low-income folks for their extra outlays. So, I think it's a good resolution of those concerns over regressivity as it affects our lower income folks. And I think Senator Bolz was concerned that, you know, this doesn't solve the big problem and she would like to do more. Yes, I would too. I'd really like to do more. We tried to do more with LB289 and, you know, you saw the problems we had there. It was a heavy lift, a big bite, and this is a way to come back with something smaller, simpler, easy to explain, easy to understand, gives a lot more people a lot more cover, and it's a needed modernization of our tax code. I'm going to talk about that later. But it's a good policy direction, I believe. And these sales tax exemptions, I would predict they would be on the block sometime real soon anyway. It's time to make these decisions. We've studied these and studied these. It's a good step forward. And it will provide Nebraskans with property tax relief. And so, but again, I appreciate those comments on the impact on low-income folks. They are legitimate concerns, legitimate comments. But, again, the EITC should help correct that. Most of what we do, you know, we try to avoid as we picked and choose some of these exemptions, we tried to avoid things that you could consider straight-up necessities, we tried to do that. And talking about the regressivity of auto repairs--

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FOLEY: That's time, Senator.

BRIESE: Thank you, Mr. President.

FOLEY: Thank you, Senator Briese. Items for the record, please.

CLERK: Thank you, Mr. President. Enrollment and Review reports LB433 as correctly engrossed. LB470, LB470A, LB512, LB583, LB610, LB610A all correctly engrossed. Senator La Grone, new resolutions: LR247; Senator Wayne, LR248; Senator Friesen, LR249; Senator Walz, LR250, study resolutions. (Also, AM1864 by Senator Crawford to LB720.) Mr. President, I have a priority motion. Senator Chambers would move to recommit the bill to the Revenue Committee.

FOLEY: Senator Chambers, you're recognized to open on your recommit motion.

CHAMBERS: Thank you. Mr. President, members of the Legislature, there's going to be a lot of shaking going on on this bill. There are amendments that I want to have drafted appropriately to make sure that the exemption that exists for haircuts will remain in place. Haircuts will be exempted. And the exemption that currently exists for pet animals would remain in place. I want to be sure that when I offer those amendments, should the body agree to accept them, I want them to be correctly drafted. On this motion, it's a priority motion. But at some point, I will pull it before there's a vote and then I can re-offer it. And just so Senator Briese knows what he's going to be up against, and the rest of you all who support this bill, I'll do that with my priority amendments-- motions. I'll offer it, let it be discussed and I'll pull it. Then when I want to jump to the head of the line, I'll offer it again. And there are additional priority motions. I was listening to you all talk on that other bill. I'm sure deals had been made. That's how they got enough votes to get cloture. I heard the Speaker say both of them should pass. If one passes, the other will pass. You all apparently have been guaranteed that if you voted for that other bill, which is an atrocity, then the second atrocity will be voted on and passed also. Now, the Governor may veto at least one of them. And have you got your deal in place so that they will vote to override the Governor's veto. When it comes to not using the sales tax route to get money for property tax, I agree with him to get property tax relief, as you all call it. In the city, people need to look at that line where you get your property tax relief, as it's called, and see that it doesn't amount to anything. These rural people wouldn't be fighting that hard to get that tiny bit of money, it's a substantial amount of money that they want and the city people will pay through the nose. I heard you all arguing about giving these concessions to these big companies. Right now under the current atrocity, there is a large amount of money due and owing the equivalent of money "dueing" and owing to these corporations under LB775. You cannot say and be showing due diligence, forget about that, and let a whole new range of exemptions come in. If I'm a banker

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and you have enforceable IOUs and you come to me and I say I want to know your assets and your liabilities. And you say, well, I got these IOUs against me, but this guy is not going to claim it, he's not going to cash in on it. As a banker, I'm not going to accept that. If that is a legally enforceable obligation on you, then that is going to limit any collateral you might have. And you all sit around here, you all are the experts on finances and I'm not, and that doesn't make sense to me. Outstanding money that these companies or these credits or whatever benefits they are termed, they can get. They are owed that right now. And you put a new batch out there, and these farmers are so desperate, so desperate that they went for the okey-doke. Well, you're going to have to have 33 votes. And I don't know how long the Speaker intends to keep us here this evening, but I don't care what bill comes up after this one, you're going to go three hours on it and you're going to need 33 votes to get it back on. We don't have many days left of this session. And I can do that very easily. I'll listen to all the obfuscating on that last bill. I heard what sounded like promises and commitments. But I have seen what are much more firm in terms of commitments than what was said on the floor this early part of the day. And people backed out. You trust these people, don't you? Business people are going to sucker you suckers as they did when LB775 went through. I fought that tooth and nail virtually alone. But I'm not going to do that for you this time. I'm going to let them take you to the cleaners. You deserve it. P.T. Barnum said a sucker is born every minute. Another person said, if you find a sucker, bump his head. That's what you all are being. You're the suckers. And either you're going to give me what I want in the way that those business people got what they want or I'm going to be an obstructionist, and that's the term I'm going to use for the rest of the session. Does that mean every single bill? I'm not going to tell you. You'll find out when the time comes. Senator Briese is the one who's got that ring in your nose now. You all who have animals know what the purpose of the ring is. You put the ring through the septum, through that thing that separates the nostrils, you put a metal ring through that and it's hanging out of the animal's nose. Then you have a stick with a hook on it. And when you put that hook in that ring and you twist it, whichever way it twists is the way that animal's head turns. That's why people say a ring in your nose. The business people put a ring in your nose today. Senator Briese thinks that I'm going to roll over and let the people that I care about go down the drain for these farmers who couldn't care less about city people. Rural people are poor. Rural people have difficulty paying their debt, so this is not a rural-urban split. Because there are rural farmers, maybe rural and farmer are terms which are synonymous, but not every rural person is a farmer. If they got a house, they are not going to get much benefit from this so-called property tax relief. They got other things that they worry about. They can't pay their medical bill. They might have trouble paying their grocery bill in a part of the state where food is grown, but it's not given to them free. I listened to all that hooey that was being spread today. And I left you all alone, let you stand up here and say whatever you wanted to say. And if you found suckers, then bump their heads, which you did. Experience is the best teacher and some will have no other. So you're having bumped their head might wake them up and teach them something. Do you all think that the end of this session is designed to make friends with people? You think I'm going to try to be your friend? You haven't been my friend. You talk about

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taking care of people you care about. You didn't care about the tipped workers, Senator Briese and the rest of you--all, you don't care about the LGBTQ community. You don't care about the inmates who get out and they're former inmates and they need food and you all don't want to let them have food stamps, and you think that I'm going to give money-- give my vote to give money to these big-shot farmers who get subsidies from the federal government already? Why man, you must think I'm out of my mind. (Singing) I may be wrong, you may be wrong. You say I'm crazy, oh, but it just might be a lunatic you're looking for. Too late to fight? Don't try to change me, you may be wrong for all I know, but you may be right.

FOLEY: One minute.

CHAMBERS: Maybe I am crazy. But it's a lunatic you're going to have to deal with. And I'm going to see how well you deal with me. Any motion that comes up there, I'm going to have something to say on it. I'm going to throw up amendments, take time. And if you all have things you want to talk about, you're not hindering me, you're helping me. So if you turn your lights on and I don't get to speak, then I can just take it easy and let the suckers do my work for me. You're in a no-win situation, the way I look at it. And you all trust these people. I've watched them. Poor Senator Briese, he's gotten so much good publicity about he has engineered this deal and all these farmers--

FOLEY: That's time, Senator.

CHAMBERS: --sitting around here-- thank you, Mr. President.

FOLEY: Thank you, Senator Chambers. Senator Brandt.

BRANDT: Thank you, Mr. Lieutenant Governor. Thank you, Senator Briese and the Revenue Committee, for bringing this bill. By my estimate, this bill will generate about \$100 million, add the \$51 million in the budget, and we will increase property tax relief by about \$151 million. Add it to \$224 million, and we will have a total of \$375 million. I estimate this will reduce the average Nebraskan's property taxes by about 5 percent. Existing Property Tax Credit Fund reduces taxes an average of about 10 percent. Add the 5 percent and you get a total reduction of about 15 percent annually. Senator Bolz asked a question about how much more you would need. Based on rough numbers, we need about 20 percent more to get tax equity with sales and income tax, or about \$450 million more. I'm supporting this realizing that we would need to raise \$100 million a year for four more years to get equity. Senator Lowe said he ran because he did not want to raise taxes on anyone. News flash: that is exactly what the state did to property taxpayers by not funding TEEOSA. A lot of my constituents in District 32 have had increases exceeding

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100 percent on property taxes in the last 10 years. Nebraskans need some form of property tax relief and they need it now. With that, I would yield the rest of my time to Senator Linehan.

FOLEY: Thank you, Senator Brandt. Senator Linehan, 3:20.

LINEHAN: Thank you, Mr. President. Thank you, Senator Brandt. A couple of things that have been brought up. First, on the cigarette tax, some consistency are in thought; 30.8 percent of the adults in Nebraska who smoke earn less than \$15,000 a year. If we're going to raise cigarette taxes, if that's-- I know that's a very popular thing, we need to understand that we're raising taxes on poor people. The vast majority of smokers are not high-income people. They are low-income folks. So just-- if we want to talk about how this is not fair to low-income people, then let's be consistent across the board, because cigarette taxes definitely hit low-income people. And if you smoke a pack a day and you're talking about a dollar, that's a pretty significant tax increase for low-- significantly more than any of the exemptions we are talking about here. I don't think Senator Bolz is here, but she talked about property tax. I know she represents Lincoln. I don't know how much the rest of Lancaster County she has, but just so I don't get crosswise here, there's one, two, five schools in Lancaster County. One school gets \$3,890 a student; another school, which I've already mentioned, Waverly, gets \$822; another school in the district gets-- in the county, excuse me, gets \$4,653; and then another one gets \$1,376. So, you see you have a huge variance right here where we are in Lancaster County. I don't think there's that much difference when you cross over from Waverly to Lincoln, to Lincoln to Norris, in poverty, English language learners, and kids' needs. So, we need to fix that. But we couldn't get enough people to support, because it's too heavy a lift. So I want to remind everybody, we pass this today, LB289 is still there. I have every intention of working on it all summer. I hope I can get others here who are serious about property taxes and school funding to work with us. We talk about ag property taxes. I don't live on a farm.

FOLEY: One minute.

LINEHAN: I live in Elkhorn. I live in a neighborhood and around a lot of neighborhoods where people built their houses 30 years ago and their property tax is now higher than their mortgage payment was. They are basically renting their house that they built and raised their families in back from the government. And they are having to move, folks. If you're on a fixed income, and you're living in Nebraska, which is a high tax state, it's the first thing a financial adviser will tell you when you're near retirement, you need to move. Every state around us is cheaper to live in if you're retired; every one of them. This is not just an ag problem. It is a serious problem for retired people. It's a serious problem for-- and I will speak to this if I get another opportunity like--

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FOLEY: That's time, Senator.

LINEHAN: Thank you.

FOLEY: Thank you, Senator Linehan. Senator Groene.

GROENE: Thank you, Mr. President. I hear all these accolades how hard Senator Linehan and I worked, and the whole committee did about LB289. Senator Linehan said LB289 is not dead. Quite frankly, LB183 would be dead right now if this amendment was on it on General File. We all know it would have been dead because of the sales tax increases. I told Senator Brieze I would help him pass this bill because I supported it first round, but there's nothing left of the first-round language. The bonding authority thing was very good legislation. It fixed an inequity. This is an entirely new bill, this amendment. It says right here: removes original provisions of LB183. What got this bill to Select File is no longer there. I don't do business that way. Most of my constituents live in town in North Platte. I'm not going to raise sales taxes on them and they get nothing out of it, very little out of it. Quite frankly, the Property Tax Credit Fund is unfair. It is based on valuation; and to what Senator Linehan was saying, it's not based on taxes. Our tax system is unfair. It's not based on how many taxes you pay, it's figured on valuations. The way we fund our schools is unfair. It's very unfair who has to pay for their schools and who does not. LB289 is not dead. Senator Linehan was very close to a cloture number. But she made no cuts and made no promises to get there. I will vote for a tax increase if it is based on good, sound policy. As a fiscal conservative, I will not vote to anything that throws money at something. This throws money at a problem. That is the worst that the fiscal conservatives can do, just throw money at something. Raise taxes on somebody and throw some money at a problem? I'm not doing that. LB289 is a good bill and it will be back next year. And I will support an economic development package when it is downsized and it is targeted to true new jobs. I'm not going to make a bad bargain for \$100 million extra property tax relief and to do it, to raise taxes on somebody getting a haircut and taking their pet to a vet? You know Property Tax Credit Fund doesn't go to an automobile? It's only on real property. So you're going to raise taxes on the person going to the mechanic, but they don't get any property tax, at all, relief because they rent something. This is minor to take-- to not use-- if we are going to raise taxes on somebody, to make a major, major policy change in how we do something, a duty of government, which is education. LB289 does that. It equalizes it, it makes it fair. If you make this bargain, farmers, you're done. You think those guys down the door are going to give you another dime? I fought the farmers, who are my friends, in LB289. They weren't going to give up the Property Tax Credit Fund, any of it, unless we kept it. Now I'm supposed to believe that if we pass this and we try to fix school funding that they're going to give it up? And I'm one of them. But 26,000 of my people, voters, live in North Platte and they pay high taxes. The percentage they will get back with the Property Tax Credit Fund is not nearly the same as some farmer out in rural Nebraska,

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has a big property tax base in a big county where they live. They will get an unequal portion of their credit that my people in North Platte will not get.

FOLEY: One minute.

GROENE: I'm a long way from voting yes on either one of these bills next time around.

FOLEY: Thank you, Senator Groene. Senator Hughes.

HUGHES: Thank you, Mr. President; good afternoon, colleagues. Since I have been in the Legislature, I have always tried to help my colleagues understand why farmers are so upset about property taxes. And I have a very good example, if you'll look at the sheet that was handed out to you today. It's got my initials on the top and number 44 and a big red minus 4780 at the bottom. This is a Haynes family land auction that occurred March 4 of this year. It was pasture land in Phillips County, Colorado, which is adjoined to Perkins County, Nebraska, which is close to where I live. And if you look at the chart over to the right-hand side, you'll see that the taxes per acre in Colorado are 75 cents an acre, 81 cents an acre, and so on. The bottom two lines that are shaded a darker gray, the taxes in Nebraska are \$5.82 an acre for apples to apples comparison between grassland in two counties; one in western Nebraska, one in eastern Colorado. And what that translates into is the 10 acres that it takes you to raise a calf, a cow and a calf, is a disadvantage, the Nebraska disadvantage to the Nebraska farmer of \$47.80 per head in that calf compared to a Colorado producer. This is a very stark example, real-time example of the challenges that we have in Nebraska with our property tax. And the same thing occurs if you're raising grain or doing anything else. But I could not let that pass without pointing that out. But that is part of the reason why some of you may think we farmers are angry about property taxes, is because we are at a huge, huge disadvantage compared to our neighbors in Colorado, Kansas, South Dakota, Wyoming, and probably Iowa. I don't know that. The reason-- and I appreciate Senator Briese's willingness to abandon the original LB183 and take the removed sales tax exemption-- or remove the sales tax exemptions to raise additional funds to put in the Property Tax Relief Fund. When we were having debate on LB289, had the opportunity to be in the lunch line behind one of the Department of Revenue staff and they made the comment to me that they really liked putting money into the Property Tax Relief Fund because that took away the fight of how you distribute it. And it's one of those aha moments for me that, yeah, because LB289 was too complicated, because not only did it raise the money, but we had a fight about how to distribute the money. And those are two huge fights. First, we need to raise the money, then we'll decide how to distribute it. Raising this money now, parking in the Property Tax Relief Fund is not the end game. This is a step along the path that we need to. We have identified a flaw in TEEOSA. And the flaw that I have been visiting with my colleagues about for the last five years is coming home to you in the urban areas. When you look at the valuations of your houses going

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up, this is something that needs to be fixed. We need to fix TEEOSA. It is too reliant upon property tax. And every student in the state of Nebraska is a citizen of the state of Nebraska and deserves state revenue, whether you call it basic funding or foundation aid--

FOLEY: One minute.

HUGHES: --whatever you want to call it. But we need to fix this. There's no question about that. That's our job. When it comes to taxing haircuts, I had the opportunity to get my haircut a couple of weeks ago. My barber and a barber from another town had come in to visit a sick relative and I pressed them. I says, these things aren't going to cost you any money; you're going to make money on sales tax on haircuts. And they said, yeah, we will, because we are going to raise our prices-- or we are going to keep our prices, we're going to add the sales tax and we're going to round up. We will make more money. That's not a problem. And the same thing will go with other people. Adding sales tax is a pass-through. If you use the service or the product, you pay the tax. You have the choice whether you spend the money on that or not.

FOLEY: That's time.

HUGHES: Thank you, Mr. President.

FOLEY: Thank you, Senator Hughes. Senator Dorn.

DORN: Thank you, Mr. President. Thank you, Senator Briese, for bringing this bill and bringing this forward and letting us have the discussion on this today. I just got a quick comment to make on Ernie and his haircuts. I look at Senator Arch and myself and Senator Kolowski and I go, we should be getting a discount because we don't have that full head of hair. Ernie has the full head of hair and he's worried about increasing a sales tax on that-- or sales tax exemption. One thing I wanted to bring up, Senator Hughes reminded me of, about four or five years ago we had a neighbor that had some ground; he and his wife inherited some ground. They had a quarter of section of ground in Kansas and quarter section of ground right across the state line in Nebraska. He had to, since I was on the county board, he had to complain about the taxes in Nebraska, because the taxes on real similar ground one side of the state line to the other side of the state line in Kansas was \$13 an acre for farm ground and Nebraska was over \$40 an acre for farm ground. Senator Hughes pointed out that that is a disadvantage that the farmers in Nebraska are facing today. You know, if you get the same yield of corn and you're getting the same price and you're getting the same total dollar amount, more of your income is going to property taxes. Senator Linehan and Senator Groene brought the LB289 bill. I thought we had some good discussion on part of what, I think, was an issue there-- not an issue, part of what that problem with that bill was it tried to incorporate, what I heard from some people, too much into that. It

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tried to solve the school funding, which as I talk and listen to senators, is a big issue. We know we need to work on the school funding and how that money is allocated out to the different schools. Senator Linehan has done a good job this afternoon here talking about the different dollar amount that different schools are getting per student. It's interesting to see what some of those great variations are. And if you sit here and say that we're treating those all equal and fair per student, we are not doing a good job of that. As I campaigned in the last year and ran for this office, the main thing-- or the main theme that you always heard was property tax relief. When I got into office and got the e-mail set up, we got-- after the first day of session, we got our e-mails. The first two weeks, most of the e-mails that I got about property tax relief weren't from the people of Gage County, they weren't from the farmers in Lancaster County, I had more e-mails from acreages and people with houses in my district complaining about property tax and the property tax going up and what were we going to do about it. This is a problem that's not just a farmer or rural Nebraska problem, it has become an issue also in our urban areas. And with that, I will yield the rest of my time to Senator Briese.

FOLEY: Thank you, Senator Dorn. Senator Briese, 1:30.

BRIESE: Thank you, Mr. President. Thank you, Senator Dorn, for that, I appreciate it. I heard Senator Chambers say earlier he's not going to roll over on this issue. And, no, I wouldn't expect him to either. I appreciate that. And Senator Bolz was asking about the income limits, and I did see in my notes that more than 90 percent of the earned income tax credit goes to folks with AGIs of \$40,000 or less. And I heard somebody else in here comment that they're not going to raise taxes to throw money at a problem. You're not throwing money at a problem. You're putting it in the Property Tax Credit Fund, it's a mechanism that's been delivering property tax relief for over a decade. Is it perfect? No. Is it ideal? No. But what else are you going to do? Who's got a better plan right now? We floated LB289. I still say LB289 was the Cadillac, that was the gold standard. I supported it. I supported it all the way. But we couldn't get there with it. Couldn't get there with it. Were we close? I don't know. Depends on who's counting the votes. But, in the waning days of the session here, this is a means of getting some dollars into property tax relief; dollars that can be used in the future as we continue talking about LB289, continue talking about education funding reform, and it's a good plan. Somebody asked me the other day what this amendment did and I spent about 20 seconds explaining it. It lends itself to a fairly quick, simple explanation, and that's the beauty of it. It's fair, it's simple, easy to understand, and I think makes good policy sense. Thank you, Mr. President.

FOLEY: Thank you, Senator Briese. Senator Clements.

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CLEMENTS: Thank you, Mr. President. I know the farmers in my district are wanting us to do something though I want to make sure we do the right thing. I see this handout says the earned income credit increases to 13 percent. What's the-- would Senator Briese yield to a question?

FOLEY: Senator Briese, will you yield, please?

BRIESE: Yes.

CLEMENTS: What would the dollar amount per year be in that extra 3 percent credit?

BRIESE: I believe that's about \$9 million to \$10 million, I believe.

CLEMENTS: OK. And the new revenue that this expects to bring in is how much?

BRIESE: Roughly \$112 million to \$114 million, subtract out the earned income tax credit and you're talking about just over \$100 million.

CLEMENTS: OK. So close to 10 percent of the amount of tax increase is going to be in earned income credits then, right?

BRIESE: That's true.

CLEMENTS: The next section I'm still confused about, talking about a K-12 funding increasing by 120 percent of the previous year. Could you explain that section, what the purpose is?

BRIESE: Well, again, there's a lot of sentiment in this body, and justifiably so, to revamp and reform how we fund K-12 education. And there's a lot of folks here that would like to not have those dollars tucked away in the Property Tax Credit Fund forever and be utilizing the Property Tax Credit Fund forever. And I wanted to event and intent on our part to utilize these dollars-- to access these dollars some day to fund K-12 education, to use it in the funding reform-- or reform of K-12 funding. And that was the best way that I could think of to do that. So I think at this point, we appropriate roughly \$1.3 billion directed towards the various components of K-12 funding. And this language would suggest when we get to the point where we're going to increase that amount by 20 percent, in other words, we're going to-- for example, like LB289 did, or any other bill might do, any other funding reform bill might do, when we get to the point where we're going to increase state support of K-12 education, jump it up in one year, then that statutory minimum in the Property Tax Credit Fund disappears. The Property Tax Credit Fund

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itself would stay in place, but the minimum would disappear and we could access those funds. That was the intent of that.

CLEMENTS: OK. The minimum would disappear, not just for one year, but going forward?

BRIESE: Going forward, yes.

CLEMENTS: OK. Thank you. And I see this is removing the 50 percent valuation on school bond issues. I really kind of like that-- that-- I live in town, that was only going to be about a \$60 increase for my house in town. Could you maybe think of 65 percent or some number?

BRIESE: Yes. I would be more than willing to do something like that. I like that 50 percent bonding provision also. It's great policy for the reasons we discussed last time, just made a lot of sense. But opposition to it was fairly fierce, fairly well-organized, fairly well-orchestrated. And I thought it was in the best interest of delivering property tax relief to Nebraskans in the waning days of the session to remove that provision and try to move this thing forward.

CLEMENTS: OK, thank you. And the last thing-- last question is-- biggest concern I have is there's no-- appears to be no local spending control. Increases has been a problem in the past with sending more money out, what would you say about that?

BRIESE: Well, that's one of the beauties of going to the Property Tax Credit Fund. We aren't delivering these dollars directly to our local government bodies who could, perhaps, be more inclined to spend additional dollars they receive. That's one of the benefits--

FOLEY: One minute.

BRIESE: --of going to the Property Tax Credit Fund instead of delivering directly to those folks.

CLEMENTS: OK, thank you. I'd like to see some attempt to put that in, maybe even if you put a sunset in for two years, see how it goes. But no spending controls at the local level is a big problem for me. LB289 did have controls in. I'm glad to hear that it is going to be worked on and we need to do something. And I hope we can move forward with some kind of property tax relief. Thank you, Mr. President.

FOLEY: Thank you, Senator Clements. Senator Hilkemann.

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HILKEMANN: Thank you, Mr. Lieutenant Governor. I start my remarks by saying that- going to say a few things right now that are not going to be well received. I'm not trying to win a popularity contest. I'm still seething a little bit about yesterday's vote on our main line budget bill. And it makes me wonder are we really serious about property tax relief? We had \$275 million in the Property Tax Relief Fund Credit. And we had 14 senators chose either to vote against or not to vote on that budget, 12 voted against it. All 12 votes against it were from rural Nebraska. And we want property tax relief? And we vote against the Property Tax Relief Fund which contains \$275 million, one of the biggest portions of our whole budget. And now we're here today, you want to take another \$100 million and put it into the Property Tax Relief Fund and where do you want to take it? You want to take it from sales tax. In my five years here in the session, we added 46 percent to the property tax relief in 2015. We added another 10 percent in 2016. We didn't add anything in '17 or '18, we kept it flat when everything else was taken down by 3 percent. This year we increased it by 22 percent. And 14 people either voted against or did not vote to advance that budget. Do we really want property tax relief? Are property taxes too high? They absolutely are. I have done a survey on my folks in my district and are getting the results back in. They are preliminary. Eighty percent of the people in my district say they are getting too high on property taxes. They also don't believe that we should be making preferences for the rural-- or for agri land over non-agricultural land. They also clearly, 80 percent of them do not want sales taxes on services. And when I look at the list that comes out with this particular bill, every one of the sales tax here are going to affect urban more than rural, every one of them. Let's fix the problem. I think it's an absolute shame that we are not giving money to-- that we are not providing some funds for every student in Nebraska whether they live in Hyannis or whether they live in Millard or Elkhorn. We ought to be finding a formula where we can help [INAUDIBLE]. We need to-- one of the-- Senator Friesen talked about let's bring in an outside consultant and try to work with this. I absolutely agree. Let's do something that is different, innovative, instead of just saying we're going to put a little bit more money in the Property Tax Relief Fund and we-- that really-- let's try to get down to the root of the problem. Yes, we are paying too much Property Tax Relief Fund. I went back over the last 10 years of budgets. In 2011, 43 people voted to bring the budget out; nobody voted against it. In '12, 45 people voted to bring the budget out; only two voted against it.

FOLEY: One minute.

HILKEMANN: In '13, 46 people bring out the budget; 3 voted against it. In '14, 40 voted for it; 8 against it. Forty-nine to nothing, the first year that I was here, to bring out the budget. Forty-six to 1 in '16. In '17, we go to only 36 people brought it out. In '18 we had the situation with the Title X; that threw that number off. And this year, only 35 people voted to bring the budget out. Are we really serious about bringing property tax relief? We must fund our public schools. We need to control our cost of our schools. We do need to broaden our sales tax, but let's get a good plan together. I think we can do it. Let's consolidate some of our services.

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FOLEY: That's time, Senator.

HILKEMANN: In the world of term limits--

FOLEY: That's time, Senator.

HILKEMANN: We become band-aid people instead of fix-it people. Let's be fix-it people.

FOLEY: Thank you, Senator Hilkemann. Senator Matt Hansen.

M. HANSEN: Thank you, Mr. President; and good afternoon, turning into good evening, colleagues. I rise today-- I have taken some time to kind of listen and learn a little bit more about LB183 and I'm in the [INAUDIBLE] lean-no category as I learn more about it, just to get that on the record. Although, I see that there's-- it's perpetually moving, so who knows where we'll be soon. I just kind of wanted to talk a little bit about process and some of the things that have been going on. I just felt, when we had the debate on LB720, which naturally led into this debate, I have no doubt that these were intentionally put on the agenda next to each other and that was probably a good call. But throughout LB720, we had a lot of people talking about-- not about LB720, but they were talking about this bill or LB289 or other property tax avenues. And meanwhile, I was trying really hard to just talk about LB720. And I'm very appreciative of Senator Kolterman and those who took several of the concerns and were adopted into that amendment that I supported. And then all of a sudden things changed, some things happened and that was an interesting vote. And I'm actually happy for Senator Kolterman, I'm happy for the people supporting that bill, because I think that gives us more time to continue working on some of the best practices for incentives plans. And I'm pretty sure that some of those conversations are ongoing as we speak. But that did mean that a lot of people kind of had a really interesting vote or literally an interesting 20 minutes which then leads into this bill. I just want to kind of remind people, sometimes you just have to pick a bill and vote up or down on the bill on the bill's-- just self-contained within the bill. I understand there's kind of a whole ecosystem of things going on here. But sometimes, you know, you just kind of look at the four corners of the bill. You don't know what's going to happen in the next round, you don't know what's going to happen when it gets to the Governor's desk. And so that's where a lot of this I've been trying to focus, you know. I'm going to ultimately make my final decision on LB720 and I'm going to ultimately make my final decision on LB183 within the bounds of LB720 and LB183, whatever the four corners of the-- whatever the final amendment is when we get to the last round of debate on each one of those. One thing I just do want to kind of rise up, in this perpetual debate about property taxes. I know I have a lot of constituents who are renters and that's been an issue. I have dealt multiple times, multiple issues this year, as people, I'm sure remember, on issues affecting renters because that's something I have a high portion of in my district. Just the part of town I

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represent, that's a lot of my constituents. And such that I think I get some of the different feedback from my constituents. I certainly have heard about property taxes. I'd certainly like to do something. But when we're talking about some of the trade-offs, when we're talking about something that, frankly, I probably have more constituents who do motor vehicle repair than directly pay a property tax bill. That's just how my district works. And so if motor vehicle repairs all of sudden are going to be taxed to give other people's property tax relief, that's something I really have to weigh heavily on my constituents and how it impacts kind of the balance of my district. Certainly, I think-- the kind of taking a hard look at sales tax exemptions, taking a hard look at most sales tax exemptions is a good thing and something we're going to have to kind of perpetually go to in this body. I'm appreciative of the kind of consistent and persistent debate on this issue. I know we're going to keep at it until we get something done and that's just kind of to give the body an indication of where I'm at on LB183 and LB720, because they are kind of--

FOLEY: One minute.

M. HANSEN: --started bleeding together today. Thank you, Mr. President; and good afternoon, colleagues.

FOLEY: Thank you, Senator Hansen. Senator Briese.

BRIESE: Thank you, Mr. President, and good afternoon, again, colleagues. And again, I appreciate Senator Chambers' tenacity in defending our disadvantaged friends and neighbors. But the reality is, as a committee, landing on these exemptions, we took steps here to avoid the most regressive items. For example, we had a bill that would have imposed sales tax on groceries and we chose not to do that. We stayed away from healthcare. We stayed away from education. And note that this amendment does not raise the sales tax rate, nor does it target the minority of our population that are smokers. And note that all Nebraskans will benefit from property tax relief. Even if you are a renter, you will benefit from lower property taxes. And the earned income tax credit increase is designed to compensate our low-income folks with their outlays. And we had calculated under LB289 that a 2.5 percent increase was necessary to make these folks whole. Perhaps wasn't as scientific, but it was the best number we could come up with. And here we're raising about a third of the revenue and we're proposing 3 percent. I think that's good coverage for our low-income friends and neighbors. It's not perfect, but again it's extremely difficult to design the perfect system in that regard. And as far as the sales tax exemptions we're talking about here, you know, all the experts from all across the political spectrum tell us the ideal sales tax base is as inclusive and broad as possible. And I know there is sentiment in this body to expand our sales tax base to include as many goods and services as possible within reason. And I'm certain that will be a discussion going forward. And as we evaluate those exemptions, many considerations come into play. We should always avoid taxing business

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inputs. Taxing those inputs make us less competitive, leads to pyramiding where inputs can be taxed many times in the production chain leading to loss of transparent, so we don't know how much tax we're paying. And we should consider what our neighboring states tax, and this can help us minimize border bleed. And we should avoid taxation of necessities whenever possible where it might have a significant detrimental impact. And so when I look at exemptions, I think of various tiers with the bottom tier being the last one you consider taxing. And if I'm ranking them, I would put healthcare on the bottom. It's truly a necessity. We shouldn't add to the cost of healthcare for our citizens. And I would put education expenses perhaps on the next tier. We really don't want to add to educational costs for our young folks and their parents. And then you'd put, perhaps, true necessities like groceries on the next tier. We're all going to be reluctant to go there. And then you might put business inputs above that. And I'd probably put other business expenses above that. And after that, I'd put other items that maybe fit the qualifications, but hardly any other states tax. And at the top tier, the ones I'd tax first are the items that we're talking about here in this amendment that were in LB289. As we talk about expanding our sales tax base going forward, as we talk about comprehensive tax reforms, we talk about modernization of our tax code, modernization of our sales tax system, we're going to be talking about these exemptions. And I would submit to you that the exemptions that we're talking about here today are going to be on the-- they're going to be the first to go. I believe that sincerely. And so, we're maybe just stepping up the process here to get some dollars generated for property tax relief. And again, I think it's good policy to do so. In this bill it's easy to sit here and quibble over the details: what's in, what's out, what should be in, what should be out.

FOLEY: One minute.

BRIESE: Thank you, Mr. President. But many of you had issues with LB289; and personally I liked LB289, I still do. But AM1962 was drafted in attempt to avoid the concerns expressed by many over LB289. If you thought LB289 was too complex, this amendment is for you. It's simple and straightforward, no bells or whistles. If you were concerned that LB289 put money in the hands of education without enough control, don't worry, this amendment puts it into the Property Tax Credit Fund. And if you were worried about the caps on education in LB289, don't worry, we don't have them here, we don't need them here. If you're concerned about the property tax credit dollars disappearing someday into the General Fund, don't worry, we have a statutory minimum. And if you don't like the Property Tax Credit Fund; don't worry, we have a provision here to eliminate that statutory minimum when we revamp education funding. That will incentivize us to use those dollars to reform education funding in our state. Thank you, Mr. President.

FOLEY: Thank you, Senator Briese. Senator Kolterman.

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KOLTERMAN: Thank you very much, Mr. Lieutenant Governor. I rise in support of LB183, AM1962. I've been in support of that bill ever since it has been advanced, and I gave my word that I would support that to Senator Briese. I think he's done a good job of bringing a simplified bill. I want people to know that I am committed to tax reform. We need property tax reform as much as we need incentives. I think people need to understand that in the Revenue Committee we did a lot of soul searching. We tried to figure out how can we fund education properly? How can we pass on meaningful property tax relief to our-- not only our agriculture producers, but as well as our community people that live in town and have high property taxes on their homes? I was very supportive of LB289 as well, and I think Senator Linehan and Senator Groene would agree to that. I want to make it very clear, though, I like this bill because it's simple and it adds \$100 million, roughly \$100 million to the Property Tax Relief Fund. And we had a very candid discussion about Property Tax Relief Fund in our Revenue Committee hearings. The problem that I had with the exemptions was the fact that I felt like we need to take a look at all the exemptions that are on the table, not just a handful of exemptions where we thought, well, maybe we can get \$15 million here, maybe we can get \$10 million there. Even at that, even though I voted-- I voted against every one of the exemptions that came out, because I don't want to have to pick winners and losers. But even after saying that, I will tell you that I am supportive of this bill and I'll vote to move this bill forward simply because, and I voted it out of committee, simply because we do need property tax relief. And the easiest way to get it is to do it through the Property Tax Relief form. Now, having said that, I'm still also committed during the interim to take a broad view and a broad approach to looking at all the exemptions that are on the table; both the people that have currently got exemptions, as well as those that don't have the exemptions in there. So I think we need-- I think we need to continue to dialogue about this. I think we need to continue to move these bills forward. People in rural Nebraska are hurting. There's no question about that. Somebody talked about the differences between districts. In my district, Centennial, you might be paying \$50 an acre for property taxes. You go right across the road to the neighbor next door and he might be paying \$120 in property taxes. There's a lot of inequities with that. It just doesn't make sense, and it's all based on the school aid formula and how we allow schools to fund education. So when we looked at LB289, I thought that was very important the way that we were trying to equalize all districts. I still think we need to come back to that. I appreciate the fact that Senator Groene, Senator Linehan are still looking at that and bringing it back next year. And I also appreciate the fact that we're going to maybe, hopefully pass this legislation and then take a hard look at all the rest of the exemptions that are out there. With that I would yield the rest of my time to Senator Briese and encourage everybody to support this LB183 and AM1962. Thank you.

FOLEY: Thank you, Senator Kolterman. Senator Briese, 1:15.

BRIESE: Thank you, Mr. President, and thank you for that, Senator Kolterman. I appreciate it. And I want to mention again, I don't think I said it earlier, but want to recognize your

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commitment to property tax relief also. As you indicated earlier, you were extremely supportive of any efforts to try to obtain property tax relief; and Nebraskans appreciate that. You also suggested, regarding the exemptions, we should look at all of them. And, yes, I agree. And I think I mentioned earlier, but there's a lot of sentiment in this body, you know, folks from all across the political spectrum have said to me that we need to look at all exemptions. We need to get a lot more exemptions on the table. And, again, that needs to be one of our big discussions going forward. There's been LRs introduced for interim studies on sales tax exemptions for the coming interim, and that's going to be a discussion. But going back to what I said earlier, as we look at those exemptions, as we decide what exemptions or the standards or criteria, what we're going to look at on those exemptions, I'm confident that everything we're talking about in this amendment are going to be exemptions are going to be on the block so to speak. They're going to be the first one--

FOLEY: That's time, Senator.

BRIESE: Thank you, Mr. President, they're going to be the first ones to disappear. So, yes, Senator Kolterman, I do agree that we--

FOLEY: That's time, Senator.

BRIESE: Oh, thank you.

FOLEY: Thank you, Senator Briese. Senator Chambers.

CHAMBERS: Thank you, Mr. President. Members of the Legislature, I remember how technical the germane rule was interpreted when Senator Cavanaugh brought something. Senator Briese's original bill dealt with Section 77-201 and 77-5023. Those-- his amendment that he has doesn't touch either one of those. Now, how, when Senator Cavanaugh's dealt with the same section of statute it was ruled not germane, but his doesn't even go to the same sections in this part that he's adding. I'd like to ask Senator Briese a question.

FOLEY: Senator Briese, will you yield, please?

BRIESE: Yes.

CHAMBERS: Senator Briese, briefly, what did your LB183 originally deal with? Was it bonding?

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BRIESE: Yes, school bonding, yes.

CHAMBERS: OK. Does this amendment that you're offering here deal with school bonding?

BRIESE: No, it doesn't.

CHAMBERS: Do you think if this had been attached as a part of LB183 it would have made it to Select File?

BRIESE: Somebody here earlier indicated that it wouldn't have, so, I don't know.

CHAMBERS: OK. That's good, thank you. That can be a rhetorical question. Mr. President, members of the Legislature, this is a situation where the jockey is heavier than the horse. LB183 could not have made it to Select File. And I want my colleagues to pay attention to that. You've been suckered again. They slipped the bill across when it was disguised as one thing. Now what LB183 originally did is not in what you're dealing with now at all. What was in original LB183 is not being dealt with at all. This is the flimflam game these snake-oil salesmen are giving you all. They foolishly told people they're going to get property tax relief, and now they're suckering all of the senators. They're corrupting our system. As Senator Hilkemann pointed out, these exemptions they're taking away primarily hit the city people, and city people are supporting it. Well, you need 33 votes, and you're going to need 33 on Final Reading. I'd like to ask Senator Briese a question if he will answer.

FOLEY: Senator Briese, will you yield, please?

BRIESE: Yes.

CHAMBERS: Senator Briese, doesn't your amendment also carry the emergency clause?

BRIESE: I don't believe it did.

CHAMBERS: Can you tell me for sure whether it does or not?

BRIESE: I'll have to look and get back to you on that.

CHAMBERS: But you're not sure.

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BRIESE: Yeah, it doesn't.

CHAMBERS: It does not?

BRIESE: Correct.

CHAMBERS: OK, who told you?

BRIESE: Senator Slama.

CHAMBERS: I knew it. Thank you. He doesn't know what's in his own amendment. How dumb are you all? You don't like me to call you dumb, do you? Well, you fit the definition. He doesn't know what's in his amendment, but you all are so suckered and blinded that you're taking something that was not in his bill on General File and move that to Select File because you were dealing in good faith and you thought you were dealing with somebody who's dealing in good faith. Then he dumps all of that, and what you have before you now has nothing in it that was in his original bill, because he knew with that-- on that bill it couldn't go to Select File. You have heard people say that bad conduct should not be rewarded. That's what you all are going to do. You're going to reward bad conduct if I let you.

FOLEY: One minute.

CHAMBERS: You're going to do it, but it's going to be hard because I'm going after other bills. Every bill on the agenda, after this one, if it moves, is going to need 33 votes and is going to go three hours. And I won't need any help. I've got a file full of reading material, so I'm just going to read for three hours on each bill. And not only will I read I will digress to explain, to elaborate, to explicate. I may even pause to cogitate. And then my ultimate goal will be to exasperate. Why are you all thinking you're going to get upset with me? I don't trick you, do I? I tell you what I'm going to do, and he didn't tell you what he's going to do because you're such suckers and fools and saps--

FOLEY: That's time, Senator.

CHAMBERS: --that he can trick you, and you accept it. Did you say time?

FOLEY: Yes, I did.

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CHAMBERS: Thank you, Mr. President.

FOLEY: Thank you, Senator Chambers. Senator Linehan.

LINEHAN: Thank you, Mr. President. First, I want to address something Senator Hansen said in his remarks. I don't know if he's still here, if he is, about people living in his district. I happen to know some very-- someone who's very, very close to me that lives in his district. They're a young couple. Hopefully by tomorrow evening they'll have two children, one, they have one now. They're a young couple like many, many young couples in Nebraska. They bought a new house, not a new house, an old house actually, it's quite an old house. They have a mortgage. I don't really know exactly what the mortgage is, but I looked up on mortgage rates. Say, they have a mortgage of \$150,000. That comes out today's interest rates about \$955 a month. If they have a \$2 levy, which I'm pretty confident in Lincoln is probably higher than that, but let's say it's \$2. It would be \$333 a month in property taxes. So 25 percent of their house payment is property taxes. And these are not people who are living in a brand-new house; one bathroom on the main floor, one bathroom in the basement, small house; nice house, but small. Twenty-five percent of their monthly payment is property taxes. That, sir, is in Senator Matt Hansen's district. So if you're a young couple and you want to buy a home, which is what the vast majority of Nebraskans have their real wealth in is their home, and that's been since World War II, that has been a national effort. We've had all kinds of laws to enable people to purchase and own their own home. Property taxes are a problem for a young couple trying to buy a home. Back on the-- people not supporting LB289, I feel like we're leaving one huge group of people out that were very supportive of LB289. I got many phone calls, many letters. I know you all got e-mails. There were 228 schools out of the 244 that want us to do something about school funding. Basically, there were three schools that said no. They're large schools. They're schools that are treated very well by the current-- I'm not saying it's too well, but if you look at any kind of fairness, they're treated very fairly, let's put it that way, by the current formula. But there's 228 schools who have a large number of students who feel like the formula is not working for them. So, if Senator Briese would yield to a question, I would like to ask him a question.

FOLEY: Senator Briese, would you yield, please?

BRIESE: Yes.

LINEHAN: Senator Briese, my understanding, and I think maybe people aren't hearing this, is the only way I would support this, is you're using the Property Tax Credit Fund as a holding mechanism for this funding, right?

BRIESE: Yes.

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LINEHAN: As soon as we work through the summer and we somehow get everybody on the same page for this very, very heavy lift we need to do, the funding that this would raise would all go to school financing, right?

BRIESE: The statutory minimum would disappear. We could access all of it.

LINEHAN: OK. That's something-- that's the only-- I don't like raising taxes. I have-- I'm not in love, as Senator Friesen and Senator Briese--

FOLEY: One minute.

LINEHAN: --are well aware, I'm not in love with the Property Tax Credit Fund. It doesn't work any much better, really, in my opinion, than the current school funding formula. We have got a shipwreck on our hands here, guys. It's like every time it's about to go under, we patch it up a little bit, over here and over there. It's very rickety. It's very unfair, and it's very confusing. So I don't know how we get to where we have a better product. We can't do it, obviously, in one big step. That was just too hard. So this is a step toward fixing all of it, the Property Tax Credit Fund, the school funding, high property taxes; it's a step in the right direction. Not as big a step as I would like, but at least it's a step. Thank you, Mr. President.

FOLEY: Thank you, Senator Linehan. Senator Cavanaugh.

CAVANAUGH: Thank you, Mr. President. There's a lot to be discussed in this bill. There's a lot to be discussed in the budget, and taxing in this state. So I'm going to start with page 18 of the cosmic orange budget. Page 18 of the budget has our actual General Fund revenue forecast. There are four categories: sales and use tax, individual income tax, corporate income tax, and miscellaneous receipts. These are the taxes that are collected at the state level. None of those are property tax. Property tax is not collected at a state level. So when Senator Matt Hansen talks about renters in his district, I, too, have renters in my district. I also have a lot of nursing facilities in my district. Those are not property taxpayers. And we are only talking about one type of taxpayer and one type of benefit to one type of taxpayer. I am a property taxpayer. I've talked about this before. I own a home in Omaha in District 66; I have a high levy, I have high property taxes. It is a lot. I understand it very, very well. It is a lot. But, I pay that to the county. And the county taxes need based on their need. And the county's need is based on what we at the state level are funding, what government services are we funding at a state level. Education, of course, is the biggest, the behemoth, that we're trying to fund at the state level, and healthcare; two very important things to every citizen in this state are education and healthcare. And we're talking about a tax refund, basically, to one constituency and only one constituency. And we're talking about closing tax exemptions on other constituencies to yield that benefit. And I keep

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talking about it and I'm not going to stop talking about it until it becomes statute in the state of Nebraska over the next four years. If we were to increase the tobacco tax by one dollar, we would see a drop in state spending. We would free up our budget to pay for state services so that we could lower the cost of governing at a local level, and so our local governments could do a genuine property tax relief, which is cut their spending. But we are forcing our local governments to spend more because we won't pay more. And I cannot consciously give a property tax relief to one constituency. This is a tax relief for only one group of people, and it's a group of people that doesn't pay it at a state level. This isn't a state problem in property tax. The state problem is that we aren't funding government appropriately, and we're having the wrong conversation, and we keep having the same conversation over and over again. So I want to talk about the tobacco tax. I don't know how many people in here have heard of the marshmallow test. You can Google it, there's a cute little video. It's little kids. And the experiment is, you put a marshmallow in front a toddler and you tell that toddler, if you sit here for two minutes and you don't touch that marshmallow, you get two marshmallows.

FOLEY: One minute.

CAVANAUGH: The tobacco tax is two marshmallows. It is two marshmallows. Let's be patient. Let's be deliberative. Let's be diligent. Let's wait two minutes and get two marshmallows instead of one. \$223 million are spent in Medicaid on smoking-related diseases every year in this state. \$223 million, we could spend that on property taxes. We could spend that on education. Two marshmallows, everybody. I love marshmallows. Let's make some s'mores.

FOLEY: Thank you, Senator Cavanaugh. Senator Halloran.

HALLORAN: Thank you, Mr. Lieutenant Governor. Colleagues, I want to do a call-out to Senator Linehan for this handout that she gave us. It's straightforward enough that even senators can understand it, and it does project the real problem. The constituents that are getting-- that we're talking about giving property tax relief to, Senator Cavanaugh, are the students of the schools that are at the bottom of this list. Right? And this whole idea that we're forcing government, local government to spend more money because we give more money, we need to talk off mike on that because I don't understand that logic, but with that I would yield the balance of my time to Senator Briese.

FOLEY: Thank you, Senator Halloran. Senator Briese, 4:00.

BRIESE: Thank you, Mr. President. Thank you for that, Senator Halloran, appreciate it. And, Senator Chambers, I correct myself, there is an emergency clause on this particular amendment. I think on some earlier versions there wasn't, but here we do have it. And it was suggested that

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people here are being suckered, being flimflammed, being outmaneuvered, I guess, by me. And I think to myself, if trying to get property tax relief for Nebraskans takes some maneuvering, I'll stand guilty as charged. I'll make no apologies for that. We'll do what we can to try getting it done. They deserve it. And you want to talk about who's getting suckered, who is getting flimflammed is the Nebraska property taxpayers. Senator Hilkemann talked about our budget earlier. I wasn't going to talk about the budget, but special education cost rise an average of 4 percent a year. Historically, that's the increase. We mandate our local school systems to provide SPED, special education. For two years, previous to this budget, and for the two years in the current budget, we increased the state's contribution to SPED funding 1 percent a year. So what is the likely result of that, what's the foreseeable result of that? What's going to happen because of that? Property taxes are going up. So, yeah, we balance the budget here. We save money here. We run a tight ship. But property taxpayers are going to be forced to make up the difference and they're going to be making up the difference. They're the ones getting flimflammed on this deal. You talk about K-12 education costs. You know, we're 46th to 49th in the country in the percentage of K-12 education funding derived at the state level. And for three years running, prior to this budget, I believe, I'd have to go back and look, but we increased TEEOSA spending, roughly, about 1 percent a year. Actual K-12 education costs are going up 3 percent a year. So what was the likely foreseeable and actual result of that? A property tax increase. Property taxes had to go up to make up the difference. And it's not just a local problem, we mandate all sorts of things on our local school districts. We force them to do things and we force them to pay for it and we force their property taxes to rise accordingly because we don't hold up our end of the bargain. So if we're going to talk about people getting suckered and flimflammed, I think it's our property taxpayers that are the receiving end of that. Thank you, Mr. President.

FOLEY: Thank you, Senator Briese. Mr. Clerk.

CLERK: Mr. President, Enrollment and Review reports LB149, LB532, LB532A, LB657, LB657A as correctly engrossed.

And, Mr. President, Senator-- Speaker Scheer would move to recess the body until 6:15 p.m.

FOLEY: Members, you've heard the motion to recess until 6:15. Those in favor say aye. Those opposed say nay. We are in recess until 6:15 p.m.

RECESS

FOLEY: [RECORDER MALFUNCTION]

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ASSISTANT CLERK: There's a quorum present, Mr. President.

FOLEY: Thank you, Mr. Clerk. Do you have any items for the record?

ASSISTANT CLERK: Not at this time.

FOLEY: Thank you, Mr. Clerk. Members, we'll proceed right where we left off. Senator Murman, you're recognized.

MURMAN: Thank you, Mr. President. Thank you, colleagues, and good evening again. I'm just going to read a little bit about the 2017 census of agriculture. That's the latest information we have in property taxes in Nebraska. Nebraska ranks second nationally in property taxes paid per farm, I guess just in all taxes paid per farm, only behind California. I'll repeat, only California, an extremely high-tax state is ahead of Nebraska. Average property taxes paid per Nebraska farm and ranch operation in 2017 was \$16,107. In comparison, the average property tax per operation nationally was \$4,902. Nebraska was \$16,107 per farm. Nationally, the average family farm only paid \$4,902. And that disparity has only gotten worse since 2017. Since the previous census in 2012, property taxes on agriculture increased 21 percent overall in the United States, while in Nebraska property taxes on agriculture increased 30 percent; 21 percent increase nationwide since 2012, 30 percent in Nebraska. The only state, as I mentioned, ahead of Nebraska, if you could call it ahead of Nebraska, on property tax per farm was California. California paid \$17,500 per farm; Nebraska was \$16,107 per farm. So Nebraska was second highest. The third highest was only \$9,500 per farm. Nebraska \$17,500, in third was only \$9,500 per farm. Senator Hughes mentioned that he wasn't sure where Iowa was on property taxes compared to Nebraska. Iowa was in fourth, but they're only \$8,700 per farm; so less than half of property taxes per farm in Iowa. Now, this LB183 and AM1962 are a much simpler bill than LB289 that we deliberated yesterday. But LB289, as we talked about earlier, was maybe too heavy of a lift at this time. LB183 and AM1962 is much simpler and does provide property tax relief exactly where it is needed, and that is to the property taxpayers. So it doesn't-- this bill does not, of course, provide a comprehensive solution to our problem in this state, which is our over-reliance on property taxes to fund K-12 education. But it does provide at least temporary relief to the property taxpayers. I've given you an example of the extreme problem with property taxes in agriculture, but--

FOLEY: One minute.

MURMAN: Thank you, Mr. President. --but houses and residential and commercial will soon be in the same situation and are rapidly getting there now with the rapid increases in valuations. Senator Linehan did a great job of talking about that. So, several of the senators voted in good

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faith to pass the Nebraska ImagiNE Act. There wasn't vote trading going on, but I think several senators do realize that the state can't forgo revenue right now to support the ImagiNE Act when we can't even pay our bills right now. In other words, we can't even come up with the funding at the state level to support K-12 education. We can address that next year, but this bill needs to pass.

FOLEY: That's time, Senator.

MURMAN: So we can provide the needed property tax relief immediately. Thank you, Mr. President.

FOLEY: Thank you, Senator Murman. Senator Wishart.

WISHART: Thank you, Mr. President. First, I want to give a shout-out to Senator Briese for his dedication to property tax relief. I know you've worked on this many years. Also want to give you a shout-out for using the word "flimflammed" twice in this debate. I love it. I'm not sure yet where I stand on LB183. My main concern is, you know, if we're going to do property tax relief, we should do real structural change. I agree with Senator Linehan. While I agree with her that it has taken us years to get into this mess, and I anticipate it will take us some time to get out of it. The only path forward should be one that is strategic, a stepped approach and brings real structural change. That is why I brought a bill this year to increase special education funding. LB346 would increase special education reimbursement over the next three bienniums to 80 percent and allow us to ease the local property tax burden on counties and school districts enabling them to lower their levy and lower their property taxes. Special education funding is one of the best mechanism to bring equality to school funding because the dollars follow the students. And in rural districts, one or two kids can break the bank for a rural school district that is struggling. And in urban areas we have more kids with special needs. So it helps both urban and rural communities. In 2018, nearly 60 percent of Nebraska's property tax dollars were levied by their local school district. Easing the burden on local school districts via this increased reimbursements for special education, in my opinion, is one of the most commonsense approaches which is why I brought the bill. I encourage you to review the fiscal note on this bill if you're interested in learning more about the savings that we would anticipate local communities would expect to see. So then where do we find the revenue if we were going to go down this route and do real structural change where we would put money into our education system, to have more state support so that local communities could ease their investments? While I agree that we should definitely should look at broadening our sales tax and removing exemptions, but if we're going to do it, it has to be broad. We cannot be raising sales taxes on urban areas by eliminating exemptions and not equally look at the rural exemptions as well. So, if we're going to do sales tax exemptions and get rid of those, which I think we should seriously

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look at, it needs to be broad. Everyone needs to be invited to the party who gets an exemption. On top of that, I think we should look at expanded gambling. I anticipate this will be on the ballot and I think it will overwhelmingly pass by Nebraskans. Most of the people I talk to don't understand why we have not done this over the years, especially since Iowa, across the border, has gambling. So, we have people from Nebraska who go across the state lines and come back with the problems and we don't have the revenue source to manage that, so I definitely think, we as a Legislature, should look at expanding gambling to bring in more revenue. The other thing that I'm surprised, especially from some of the rural senators that I haven't heard discussed is income taxes, at all, silence on income taxes. I quickly looked up that the top income tax bracket in Nebraska is \$27,000 for an individual and \$50,000 for a family of four. That means that an individual who is making \$27,000 is in the same income tax bracket in Nebraska as a billionaire. Definitely think that's something we should look at, if we're looking at how we manage our three-legged stool in terms of property taxes, sales taxes, and income taxes.

FOLEY: One minute.

WISHART: And then last, we as a member of the Appropriations Committee, I see an entire bleed in terms of money in our broken Corrections system. We should be putting a ton of energy into fixing that and being able to take the savings from fixing an overcrowded, broken Corrections system and put that into property tax relief. Also, we should consider doing more statutory changes that roll back some of the rules and regulations in committees that we have created that bloat government and end up costing us more money. So that I would be something that I would consider supporting in terms of real structural property tax relief. Thank you.

FOLEY: Thank you, Senator Wishart. Senator Erdman.

ERDMAN: Thank you, Lieutenant Governor. This is my first speaking on LB183 and the amendment, AM1962. This amendment is a sales tax increase, as you all know. The part that bothers me about LB183 there are no-- or AM1962 onto LB183, there's no provisions for cutting spending or decreasing or holding down spending on the local level from the local units of government. So, here's an idea, and maybe Senator Wishart would agree with this, I don't know, we adopt budgets that are a 2 percent cut straight across the board for every agency. And as was described earlier by Senator Williams, he said our revenue has increased 4.7 percent over the last 30 years, but let's say it increases by 3 percent, so we take the 2 percent cut on a 5 billion budget; it's \$100 million. We take the 3 percent increase in revenue, \$150 million. That's \$250 million. We do that for two or three years and we have significant property tax relief based on cutting spending. I'm not in favor of raising taxes without cutting spending, because that is the only way you can lower taxes is to cut spending. And I think Senator Hughes left on your desk or has a document that shows how much property tax on grassland is in Colorado compared to Nebraska.

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We are so far behind we will never catch up with them. So we pass LB720 with the hopes that this bill will pass and it will have a combination of incentives and property tax relief. I don't know that there's the will within this body to pass AM1962. The other issue you need to deal with is, because it is a sales tax increase, it's going to have a veto by the Governor, so you'll need to have 30 votes at least to override the Governor's veto. We know that for a fact. My concern is, we pass AM1962 and LB183, we will leave and say, we have fixed the property tax problem. We will not have fixed the property tax problem. That will not be the case at all. We collect over \$4 billion in property tax on an annual basis. And the way I understand it is over 50 percent of that goes to residential people, the property tax credit program we have now. And Senator Hilkemann hates the property tax credit program, and he was whining earlier about only getting 36 votes on the budget or 34, whatever the budget was, and he was complaining that 12 people voted against the budget so, therefore, they're not for property tax relief. Nothing, nothing could be further from the truth. That's a disconnect. OK? The reason I voted against the budget, it's an increase in spending. It has nothing to do with property tax. So, don't come in here and tell me that when I vote against the budget I'm voting against property tax relief. That's not the case. I voted against the budget because it was an increase in spending. And that is the only way that you can lower property tax and other taxes is by cutting spending. So I don't buy that argument that those 12 people or 14, whatever it was, that didn't vote for the budget were not for property tax relief.

FOLEY: One minute.

ERDMAN: That's a bogus argument. So I'm not sure what I'm going to do on AM1962, but I will say this, this is not a significant amount to anybody, anytime, anyplace. And we are at the end of the budget-- at the end of the session, and we're now grasping at straws trying to figure out how to get property tax relief. But we sure passed the first round on an incentive program that's going to cost a couple hundred million dollars, but we can't get property tax relief. So we'll see how this goes. I haven't decided yet. Thank you.

FOLEY: Thank you, Senator Erdman. Senator Friesen. Senator Friesen on the floor.

FRIESEN: Thank you, Mr. President. So in the past conversations, we've heard a little bit about the Property Tax Credit Relief Fund and what it does. But what people need to remember is that 55 percent of it ends up in the residential commercial part of it, so there's actually more dollars goes into those than goes anywhere else. In the end, the Property Tax Credit Relief Fund shouldn't be our goal to stay there. The goal should be to get rid of it when we come up with an adequate solution to how we fund our K-12 system. I think the Property Tax Credit Relief Fund was created back in the day in order to do something, and then it has just been maintained and added to a little bit. But as we go forward, the amount that we put in there, if it's not increased regularly, it gets diluted by new construction, new industry that get's built that qualifies for some

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of that money, because it's based on valuation. So I mean, when you look at how it's structured, it doesn't do a bad job of distributing it, but it's not based on what you pay in taxes. So there are school districts out there that are \$1.05 levy and the Property Tax Credit Relief Fund distributes the money the same to them as it does to the school districts that is in that 50 cent levy range. So it's not fair and equitable, I guess, when you look at it according to taxes paid. There are other methods of distributing the money, and I think the Governor has tried doing it in the past in the refundable tax credit where you may see some slippage by some out-of-state landowners who maybe don't file a return in Nebraska. But right now the Property Tax Credit Relief Fund is the most-- it's the easiest to start to put together kind of that war chest for building a funding mechanism that funds our K-12 schools in a more equitable fashion. We have schools currently that receive less than 5 percent of their funding some-- in the 10 percent range and some that are over 60 percent and 70 percent of their funding. And so that spread that is-- the differential there is tremendous. And my goal has always been that every school should receive some of their funding from the state of Nebraska from taxes other than property taxes. We can argue over the amount. We can argue over the percentage, but I think it would be fair to say that those kids, even in the high-cost districts in rural Nebraska, do not get the same opportunity for an education as they do here in Lincoln or Omaha or Grand Island; the opportunities are not there. They're receiving a basic K-12 education, and, yes, it costs more per student because the efficiencies are not there. Could we do a better job of combining superintendents, county-wide superintendents, things like that? Yes, we could save some money. But when you look at the amount of dollars spent in those smallest 30 percent of our school districts, it's insignificant in the amount of what we're spending compared to our total package that we're spending in K-12 education and the higher education that we put money into. Nebraska is kind of reverse of most states. We put more money into higher education than we do into K-12. A lot of states, when you look at their funding, the K-12 is higher. Their upper university system is funded at a lower level. We're reverse of that. So there's things we can do in the K-12, but when everybody, you know, when the Governor says we're going to cut spending and it's a local issue--

FOLEY: One minute.

FRIESEN: --where are you going to cut a billion dollars? That's that shift that happened. And when that shift was happening, nobody cared. And so now to fix that problem, it's going to take some revenue. And this is just a small piece of a very large picture that we have to put a package together yet. This is not going to be done by any means. Thank you, Mr. President.

FOLEY: Thank you, Senator Friesen. Senator Bolz.

BOLZ: Thank you, Mr. President. You know, I think that conversation has turned a little bit, and Senator Wishart and Senator Friesen both touched on other ways to try to address what I think

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we all know and hear clearly is a significant and serious problem. And so I want to mention two bills that I have brought to this Legislature, because, of course, we're in the first year of a biennial session, and when we think about carrying those bills over to next session, this is a good opportunity for me to raise those solutions for consideration next session. The first is very directly related to LB183, which is the underlying bill on the board, which addresses how we handle school bonding. So, I actually brought LB182, which created the local option income surtax. And it maybe is only funny to me, but we referred to it as LOIS. So LOIS would do a couple of things to address the very same issue in the underlying bill that Senator Briese has on the board. Basically, it would create an alternative for school bonding so that instead of having all of the pressure on those property taxpayers instead of community could vote to institute a local option income surtax. So instead of using the property tax authority, you would use the income tax authority. Why does that matter or why is it fair? The reason it matters to me is because the bonding package in my hometown had to go three different times before it finally passed. And that was because there was a disparity between the agricultural landowners and the folks in town, the folks who were living in the village of Bennett and the city of Palmyra and those folks wanted to see improvements in their schools but didn't bear the burden of paying for it. So the local option income surtax would give local communities an opportunity to spread the responsibility across all of the income taxpayers in that community rather than disproportionately on the property taxpayers. And I hope that's something that the Revenue Committee will take another look at next session. The other bill is a bill I've brought a couple of times that also addresses the property tax issue, lest anyone on the floor thinks that urban senators don't try to bring solutions to the table on property tax relief, and it's a bill that we refer to as the circuit breaker. So the idea is that when your property tax bill increases disproportionately as compared to your income, the circuit breaks and you get a rebate through your income tax. The reason I like this idea, the reason I like this bill is because it's one of the few ways that we-- I have found, after serving on the Tax Modernization Committee and hearing about this issue and working on this issue, it's one of the few ways that I think we can actually target property tax relief to those who need it the most, because you can set those income limits in different places. And when we are talking about scarce resources and how we put the resources together to provide top property tax relief, it has never made sense to me to not consider ways in which we could target it to those who need it most. Certainly, that policy or that idea applies in a variety of other settings. We certainly don't provide childcare assistance to those who can afford it. And so I think those are ideas that are constructively and sincerely offered and brought forward on this floor. And I think that the more we're able to listen to each other and come together and consider what people are sincerely offering, the closer we'll get to the solution that we're all looking for, the solution that has been referenced on the floor several times is one that really moves the dial, one that really significantly changes our overall system and structure. So, that's what I continue to aspire to and I appreciate the few minutes on the mike as we wind down the debate on this issue to bring up sincerely brought and thought-out bills--

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FOLEY: One minute.

BOLZ: --that try to address property tax relief for my rural colleagues and the voters of the state. Thank you, Mr. President.

FOLEY: Thank you, Senator Bolz. Senator Linehan.

LINEHAN: Thank you, Mr. President. Just a little housekeeping thing here. I had someone ask me about the amendment that we're on, AM1962, page 19, (q), it's line 25, 26; it says: The gross income received for limousine, taxi, and other transportation services. I know what that's supposed to mean, I'm pretty sure, because it came out of Revenue Committee. We're talking about passengers, similar passenger services. We're not talking about trucking and other major transportation services, so those are passenger services we're talking about there. I want to address-- I think I heard one of my colleagues, and I think very highly of this colleague, refer to the sales taxes as being urban taxes. I don't quite understand that. As far as I know, we pay state sales tax whether I'm in Burchard or Virginia or Omaha or Beatrice or Filley or all the other little towns. If you buy something, whether you're living on a farm or you're living in a small town or you're living-- you pay the same state sales tax. So I don't know-- these exemptions aren't anymore urban than they are rural. So, I don't quite understand that concern, maybe I'm missing something. If somebody can explain to me. I do want to thank Senator Friesen. That was a very concise and good description of why I'm not, and he explained it very clearly the why the Property Tax Credit Fund is not particularly great way to do this. So I thank him very much for that. But with that said, I'm going to support this bill. I don't know how else to get started. We can't say on the one hand this is too big so we can't do it because it's too big, too complicated; that being LB289. We can't do it because it's too big. And then on the other hand say, it's like we can't do this one because it's not big enough. It's always got the perfect, you know, kind of solution there. It's like a fairytale. This chair is too big. This chair is not big enough. This one's just right. I don't know, where are we just right, guys? Where's just right? If somebody has the just right out there please bring it forward because we're running out of time. So, many people have said great things about LB289, it's headed in the right direction. We need to fix school funding. We need to rely less on property taxes. One other thing, I just had this handed out, should be on your desk somewhere, the two pie charts. This was provided to me by the Fiscal Office, Mr. Tom Bergquist. And it just shows that right now this is all taxes, so this is the city's taxes, county taxes, this is all taxes paid in Nebraska. So even if we passed LB289, which is supposedly this way too big package, we only move the pie chart 3 percent. We still will be overdependent if it's supposed to be somewhat equal on property taxes. But again, everybody said it's too big. So, let's at least start. Let's start with this, so we have ourselves headed in the right direction. Thank you, Mr. President.

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FOLEY: Thank you, Senator Linehan. Senator Cavanaugh.

CAVANAUGH: Thank you, Mr. Speaker. I hope everyone had a wonderful dinner break. I have an amendment that I haven't brought yet to this bill because it just got finished, but it changes the income tax brackets in Nebraska. I believe Senator Linehan has spoken previously on this bill about income tax brackets, where we're going to be talking about her bill later this evening. So currently we have four income tax brackets and the highest tax bracket is for an individual \$27,000; and for a family, a couple filing jointly, \$54,000. That's our highest tax bracket. That means that a schoolteacher and the Governor are taxed at the same rate. So my amendment to this package would change that, and I have a spread sheet and I can distribute it to everyone, but it would eliminate the lowest income earners from paying state income tax. When we talk about what we can do for our lowest income earners in the state, I think this is the first step to really creating a better quality of life for those that are paid the least. So it would start the first tax bracket at \$19,000 at 3 percent. Currently, that tax bracket is taxed at 5 percent. And it would raise our levels so that our-- 6.8 percent is currently our highest tax rate. So, I'm looking to raise it to our fourth tax rate to be 6.5, so lowering that rate, for middle-class families, those that make, as a household, \$110,000 to \$200,000 would be taxed at 6.5 percent. And increasing it, which is called a progressive tax, not a regressive tax, but a progressive tax based on the idea that the more income you make, the more percentage you are able to pay without it being an extreme burden. So those who make under \$19,000 would not pay state income tax, because that would be an undo financial burden to them. So it's shifting how we're doing our income tax. Because as I spoke previously, we have four revenue streams in this state at the state level. We have our sales and use tax, we have our individual income tax, our corporate income tax, and our miscellaneous receipts. And those are some of what you might call sin taxes. So I want us to start having a conversation, and I'm hoping, though I realize it's probably not a realistic hope, that we could have that conversation around my amendments. And since this bill is on Select File and not General File, we only have the remaining 30 minutes or so to discuss this, and to discuss how we are taxing and funding our government. I didn't want to have this conversation on our budget, because as we all know, our budget is our constitutional duty; it is the one thing we have to do while we are here. And jeopardizing the health and integrity of that is not something that any of us want to do. And so we have to find other opportunities to have these conversations. And I hope that we can continue having these conversations about how we are taxing our state, how we are using those taxes, who we're taxing, and how we are funding the business of being the state of Nebraska. We don't currently--

FOLEY: One minute.

CAVANAUGH: I'm sorry.

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FOLEY: One minute.

CAVANAUGH: Thank you. We don't currently, in my opinion, do a very good job of dissecting this behemoth of how to fund government. And I think we could do a better job; I think we could have hard conversations. We've had hard conversations this session about systemic racism and systemic sexism, but we need to start having conversations about systemic poverty and the disproportionality of where our funds are going and where we're focusing our energy. We hear a lot about the agricultural community, which is the foundation of this state, and how we can support that community, and a lot of people in that community are in poverty. But we're not really working to address the issues. So I will leave the body, this is my third time speaking, I believe, I will leave you with this, once again, if we were to raise the tobacco tax by one dollar--

FOLEY: That's time, Senator.

CAVANAUGH: Thank you.

FOLEY: Thank you, Senator Cavanaugh. Senator Chambers, you're recognized, your third opportunity.

CHAMBERS: Thank you, Mr. President. And I would like to explain to Senator Cavanaugh why she can't get that one dollar increase on the cigarette tax. "Emperor Radcliffe" knows that I have respect for his acumen, some say acumen, his ability. And in the old days he represented the tobacco industry. I don't know if he still does, but the fact there's so much fear in this body of raising the cigarette tax indicates to me that the emperor is abroad in the land. And now that I've told on him, the emperor has no clothes. You all's hypocrisy is so palpable I could cut it with a dull butter knife. You think candy is harmful, so you're going to tax it. You think bottled water is harmful, you're going to tax it. Cigarettes kill people, kill your young people, and you will not tax it. That's hypocrisy or fear, but I think it's primarily hypocrisy, because that's what fuels so much of what this Legislature does. It speaks out of one side of its mouth and then says something different out of the other side. The tax on the cigarettes would do any number of wholesome things. Who on this floor could say that cigarette use is not a public health problem? Some people came to me crazily and said, well, Senator, I don't see why you'd be in favor of raising the cigarette tax because that hurts the people you represent. I say, what do you mean? Well, you know poor black people smoke cigarettes. I say that's what I'd like to stop. And you don't understand me, I'm not like white people. The tobacco industry does not control me. And because there are people in my community who succumb to all of these vices is no reason I'm going to say leave them in place. My job is different from that as I perceive it. Obviously, you all don't perceive yours the same way. I'm not going to go around this floor and poll every member as to why they are opposed to raising the cigarette tax, but any of you who are against that,

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you're a hypocrite all the way down the line. You say you're pro-life. How can you be pro-life when you are against taxing that which brings so much depth? You're a hypocrite when you say you're pro-life. You are pro-embryo, fetus, and zygote. Then you hate the child when the child is fully formed and comes into this world. Maybe that child is exposed to second-hand smoke. You don't care, because you're a hypocrite. And, again, I talk to you about these prayers. And some of y'all trot to that Catholic Church across from here. What do you go there for? To laugh and mock at your foolish colleagues? You all need to hear this. I want to see my goddaughter, Senator Pansing Brooks, but I don't know where she is. To my goddaughter, [singing] I'm calling you. It takes a while for people to move from point A to point B,—

FOLEY: One minute.

CHAMBERS: --and some people might move from point B to point A to get away from my bray. I'm going to do everything I can against this bill. And I'm making you all a promise. With the exception of one bill, and that's Senator Wayne's bill, I'm going to mess with every bill that comes up. That means the trafficking bill, not to kill them, but I'm going to use them all to take some time. And I may even use some time-- give myself some time on Senator Wayne's transit bill. Who knows. That's why I'm free to do whatever I want to do, because nobody owns me or dictates to me. Thank you, Mr. President.

FOLEY: Thank you, Senator Chambers. Senator McCollister.

McCOLLISTER: Thank you, Mr. President; good evening, colleagues. You know my family has been in politics now for 55 years, over five decades. And my dad, when he served in Congress, was known for crossing the aisle, talking to the Democrats, trying to work a deal. And I think that's what we need to do here tonight. I think we need to consider all sides of this issue. Yes, we did pass LB720, and now we need to fulfill our part of the bargain and pass LB183. Is it a perfect bill? Absolutely not. But what bill is perfect? And I think we've got plenty of time to fix it this year, even on Final Reading. The Irish had a time they called The Troubles and sectarian violence and all that. And I think we need to move a way away from the sectarian violence that we had two years ago when we started this session and we need to start considering each other. I made a promise to those people needing property tax relief that we would make a good faith effort to pass LB183 and give true property tax relief. And I'm going to try my very best to fulfill that promise. I said earlier there are sales tax codes are woefully inadequate and we simply tax goods instead of all the services that have become available in Nebraska. It's a narrow sales tax. Even Tennessee did a process like this, they broadened their sales tax and were able to lower some of their income taxes and property taxes. We need to undergo that same process so we can be a modern state with modern sales taxes. Let's do our very best to pass AM1962 and LB183 and obviously don't recommit this bill to committee. Let's pass this bill. Thank you, colleagues.

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FOLEY: Thank you, Senator McCollister. Senator Briese.

BRIESE: Thank you, Mr. President, and good evening, colleagues. Heard several great comments, a lot of great comments this afternoon, this evening. And Senator Wishart talked about the need for real structural change; and boy, I couldn't agree more. We do need to attempt to do that, real structural change in how we fund education, structural change in our tax code. That needs to be the goal going forward. But this is an opportunity to do something that some would describe less than meaningful in lieu of that structural change for the time being. And I think it's something we should pursue. I think Senator Wishart also talked about the need to look at rural exemptions. But when you're talking about rural exemptions, you're probably talking about business expenses, business inputs, and I do agree that those probably will be on the table at least when we talk about our-- reform our tax code and as we take a hard look at everything. I think Senator Morfeld talked-- spoke on the mike a week or two ago about ag repairs. And yeah, they need to be talked about at some point. When we talk about structural change to our tax code, to our sales tax base in particular, yes, everything needs to be looked at. Senator Erdman talked about the lack of spending reductions here and spending constraints. And I agree, Senator Erdman, we have to look at that side too. I had a property tax asking cap in committee this year. I had a property tax asking cap on my LB1084 last year and we had some sort of a cap on LB289. But if you recall, we ran into some serious headwinds when you are talking about spending control spending caps and it's unfortunate, very unfortunate that occurs, but sometimes it's not too easy to go down that road. And someone else suggested, you know, this is fairly insignificant. This \$100 million we are talking about, yeah, that's about 2.5 percent of the total property tax burden that Nebraskans have and doesn't seem-- you know, we're talking about table scraps here in a way. But the Nebraskans on the brink, Nebraskans suffering from some of the highest property taxes in the country, that can still be meaningful. And folks, it's time for a package deal here to help all Nebraskans. We heard some great discussion earlier on LB720 and why LB720 is needed to help grow our state and how we can make LB720 a better bill, but, colleagues, what we talk about business incentives, we got Nebraskans reeling-- everyday Nebraskans reeling from some of the highest property taxes in the country. We got everyday Nebraskans going under in agriculture because of the third highest property taxes in the country. We've got everyday Nebraskans with the fourth highest residential property taxes in the country. We're already known as having an excellent business climate in our state, but what else are we known for? Having the highest property taxes in the country. And I would submit our priority must be property tax relief. And if we're going to float business subsidies, we better be talking about helping our property taxpayers; needs to be a package deal. We also have to recognize the difficulty of what we're trying to get done here. I have only been in this body for three years, but I was told a couple of years ago that that was-- or maybe it was last year, that was the first year of tax-- a major tax bill had ever made it to the floor. A Governor's bill made it to the floor, couldn't quite make it. Senator Friesen, it was an amendment brought out of my LB1084 that was amended to Senator Friesen, I think it was LB1103, we got that to the floor also. So we had

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some good discussion last year, but we just barely got-- you know, we finally got some bills to the floor. And this year we got a couple of bills to the floor, but we have all seen the difficulty in getting anything across the finish line. It's a heavy lift. And we have an opportunity here to get something across the finish line. Colleagues, I think we need to seize that opportunity.

FOLEY: One minute.

BRIESE: Thank you, Mr. President. AM1962 gives us an opportunity to do something for Nebraskans. So, colleagues, it's time to come together, do what's right for Nebraska, come together as rural, urban interests, because we're all one and the same, we have the same interest, really, and that's looking out for all Nebraskans. And this tax bill, it can benefit all Nebraskans, it can provide property tax relief for all Nebraskans. And folks, we need to do what's best for Nebraska. We need to put a package together and move this across the finish line. Thank you, Mr. President.

FOLEY: Thank you, Senator Briese. Senator Moser.

MOSER: Thank you, Mr. President, and good evening, colleagues. I have made a commitment to support LB183. Is it a perfect bill? No. A \$100 million shift in taxes out of \$4.5 billion is only about a 2 percent, roughly, maybe just a little bit more than 2 percent improvement from where we are. It's a step in the right direction. I was hoping we'd come up with a more magical solution, but so far this is as close as we've come. But everybody pays property tax, so everyone is going to benefit from LB183. For ag producers, though, they are paying a disproportionate percentage of the property tax. They pay property tax on their land; they pay personal property tax on their machinery, and the rate is the same as the property tax rate, it's around 2 percent, depending on where you live, how your school levies go, and whether you are paying a city levy, that all makes a difference. Then like every self-employed person, ag producers pay state and local income tax. They pay a self-employment tax of 14 percent. They have to pay for their own healthcare. So my argument is ag producers are paying their share of tax in general and in property tax they're paying a higher percentage than they should. So I encourage your support for LB183. And I don't support the motion to recommit to committee. Thank you.

FOLEY: Thank you, Senator Moser. Senator Linehan. This is your third opportunity, Senator.

LINEHAN: Thank you, Mr. President. I don't know what, three, four hours ago, five hours ago, there were several people in this Chamber who gave LB720 a cloture vote, even though they did so, it's not really the way they wanted to vote. But they gave cloture to LB720 because they wanted to keep moving this process forward. And I would hope and ask that we could get cloture on LB183. Several people this morning voted for cloture because the Speaker, I think rightfully,

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got up and said don't give up, keep working. And I would ask that we all don't give up now. Keep working. Do, really, any of us want to go home and say we got nothing done? I don't. I do not want to go home. I look at my neighbors and say, I'm sorry, we just didn't want to stick around for another 24, 48 hours and figure it out. I realize both bills are far from the finish line. But to keep us from moving forward over a cloture vote, a cloture vote doesn't mean you are for the bill, it just means that the process should keep moving forward. So I would ask all of us seriously to think about the big, big picture of the whole state and what the message we're sending to business and to ag and to homeowners and our schools if we quit tonight. So please think very seriously about how important this vote is. Thank you, Mr. President.

FOLEY: Thank you, Senator Linehan. Senator Vargas.

VARGAS: Thank you very much, Mr. President. I've kind of stayed a little bit away from the conversation, just been processing. So talked with Senator Briese off the mike, as I think some part of where I am is the best pathway forward to try to figure out something we can do, and I think in some instances that is the case. In other instances, I am trying to make sure we're figuring out with the iterative process. In Appropriations, we go through a pretty iterative process of figuring out what is and is not a priority. I think we debate it to what extent that is true or not, but I would say that that is what we do. I'm not in Revenue. I don't know the process that we've gone through to then evaluate each incentive. And the difference between, I think, what we do sometimes in Appropriations is we're evaluating that and the people that are at the table usually are the entities, the code agencies, and the agencies themselves. They are coming and saying this is what we need or we don't need; these are our priorities. And it is a very back and forth process. The hard part I have with not necessarily-- I think there are exemptions and I think there are some things we have to look at and then we have to figure out whether or not they are right or wrong, and then figure out a way to save us-- or bring in some more revenue and then to offset things like property tax. I understand that and I've been on the record saying that I support that notion. My concern is whether or not we are-- and I didn't get a chance to talk with Briese about some tiers, that there's a tiered priorities. But I don't know or I'm not as confident yet that these may be the ones that maybe didn't get as much noise or seemed like they hurt people the least. I am not yet informed that that is where we are with it. And I appreciate him actually talking through with me off the mike, but I would want to be a little bit more informed and take a bigger bite out of all of our exemptions. I honestly would. We have so many of them. I don't know why we need some of them. Maybe some of them were put in with a good reason. I think at a time when we had more senators and we didn't have term limits, it was a lot easier to be like, oh, remember when I put that incentive in-- sorry, that exemption in, and we can point to it. But now, none of us have, a few of us, except those who have come back, were here when some of these were put into place. And I would be more in a place to say, let's look at a little bit more of a-- not unnecessarily just to do an interim study, but a study to say which ones continue to make us more competitive. I have seen some of that information and data that the Revenue Committee

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has looked at. But I also, in my time on the school board, my concern is that sometimes the loudest people in the room are the ones that get heard. The ones that voice the most concern are the ones that, well, we can't touch that. And then the ones that are not the loudest are the ones that we say, well, we really haven't heard that much. And that is not the best way to go about deciding whether or not something should be removed or taken away. It's really not as data driven, I think that's more of a negotiation. Which I guess is fine, usually when we're thinking about just policy, when we're thinking about exemptions that have been existing for a significant amount of time, some of them, I would rather have us a little bit more of a measured approach. I am in support and I will be in terms of looking at removing these types of exemptions in the long run so that we can then get to a place where we have enough revenue. I'm concerned that we are picking the ones that--

FOLEY: One minute.

VARGAS: --and I don't necessarily know if there's enough information for me to say that these are the ones that are the least harmful, or if they are just the ones that people felt the least-- had the least opposition. Again, in an era where we have term limits, people behind the glass have people that they are defending and entities they are defending, and I want to make sure that this is not grounded, necessarily, in who is the loudest, but also what is the most data driven and continues to make us competitive in some ways. So that's where I am. I wanted to put that on the record because I do commend Senator Briese. He did answer my questions on the mike. I originally was going to ask him questions, but I commend him because I know what he is trying to do and I am supportive of that and I have told him that in the past. I've been supportive in the past of really looking at some of these exemptions as a total, because I think some people are not going to like it. And I'd rather more-- if more people don't like it, then I think we can sort of all hang together. But if we're sort of picking and choosing--

FOLEY: That's time, Senator.

VARGAS: Thank you.

FOLEY: Thank you, Senator Vargas. Senator Matt Hansen.

M. HANSEN: Thank you, Mr. President. I would yield my time to Senator Chambers.

FOLEY: Senator Chambers, you have been yielded 5:00.

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CHAMBERS: Thank you, Mr. President. Thank you, Senator Hansen. Members of the Legislature, Nebraska, because of its location, is a land-rich state. People who are farming chose farming. They are mean-spirited toward even poor, rural people. They don't want them taking handouts. But when they work in the rural area, they don't make that much money. I have tried in the past to get workers' comp for farm workers and the farmers, the big shots, the plantation owners say no. And then they want to say they care about somebody. Then they want everybody here to hurt urbanites to help these big shot farmers get their breaks. Get out of agriculture if you can't make a living. Stop looking for handouts, begging; then saying you are against big government. You are against government regulation until the regulations give you price supports, gives you other subsidies. That kind of regulation is all right. You love it. You insist on it. You send people to Washington because they say they'll pork barrel roll and bring you farmers, sponges and moochers, something that you are not entitled to. You want to be guaranteed a living. You want to be guaranteed a living. Then I watch the farm area hypocrites vote against an increase in the minimum wage for tipped workers. And maybe that's because when farmers go into these restaurants, they don't tip. They're against SNAP; and the SNAP program was operated by the ag department because it benefited farmers by getting rid of their surplus crops. They grow more than they can sell. They got silos full of soybeans and other grains because they are stupid. The banker is not going to lend you any money. You can't sell soybeans. The banker doesn't lend you money because he is a soybean lover. And then you support the man who is putting the bite on you, then you want to put the bite on the people in the cities. I'm going to watch these city people who vote for this bill. I read that figure of how much more Douglas County residents would pay in sales tax under this. They will pay more than \$17,308,758.35 than they will receive in this so-called property tax relief. Who talks about property tax relief all the time? Yammer, yammer, yammer. They're obsessed with it. The farm people, not the poor farm individuals. They don't get elected to the Legislature. And the ones who do, try to do something. And farm, the big shots, are so mean-spirited toward everybody else, then they want sympathy. You talk about having to pay taxes on combines. You can afford to get a combine. Some people who have to go to work for less than minimum wage, yeah, less than minimum wage cannot own a car in the city. They don't have adequate public transportation. And you all don't care, because you got to have yourself and your family taken care of. Even when you put up a pitiful mouth and cry, you just are not getting as much as you used to.

FOLEY: One minute.

CHAMBERS: You are not eating as high off the hog as you used to. This bill is preposterous. It was sleight of hand and a flimflam. This thing could not have made it from General to Select File if this had been the bill. But he tricked you all, because you're stupid. And now you made a deal with the devil, because you're stupid. And you talk about being concerned about the people in your district. How is it going to help people in your district when a big company runs off with the store? You're going to talk about cutting corporate income tax, on the one hand, then giving

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them incentives on the other. Y'all are stupid or cowards, but I'm neither one. Thank you, Mr. President.

FOLEY: Thank you, Senator Chambers. Senator Wayne.

WAYNE: Thank you, Mr. President. I have not spoke on this bill, and nor did I speak on LB720. But first, I want to say this is the bill that in February, if you'll recall, I stood up and said we cannot start the urban and rural divide today. I helped move this off the agenda to figure out what we can do. Never did I expect it would be the vehicle for this. So I might fall into that category, but I would disagree that I'm not stupid, I am playing chess and not checkers. And where I'm at right now with this entire bill is, this is a Band-aid. This is a Band-aid solution to the real issue. I know I've heard since I walked back into the Chamber about individuals trying to study TEEOSA. Let me be clear, TEEOSA is broken and to fix it is not that complicated. It is not complicated at all. What it comes down to is the political will and courage to fix TEEOSA. Just like we're standing up today saying-- or many of you all saying you need property tax relief, the fact of the matter is you cannot solve property tax relief without fixing TEEOSA, and people don't want to hear that. But I'm not fixing with this Band-aid because we'll be back right here again in four years talking about the same issue. TEEOSA is broken. And if we're going to have a conversation and if anybody after, right before we get to this cloture in about two minutes, will commit to me that this bill will contain a fix to TEEOSA, I am willing to vote cloture and move it to the next round. But if we're not going to commit to me to that, about making sure that a kid in north Omaha who goes to Omaha Public Schools is treated the same by this state as that same kid who goes to Westside, we're not having a conversation, because the system is broken. Property tax relief cannot happen until we fix TEEOSA. I've said that from day one when I walked in this body. And I bet you there is probably not as many people on the floor who understand TEEOSA as I did when we went through cuts in Omaha Public Schools and I was down here negotiating how to figure out how to keep Omaha from losing \$30 million. But the fact of the matter is I listen to Senator Linehan talk about the disparity and that disparity relates into property tax disparity. But to shift it to a sales tax to my community is a problem. If you want to talk about a flat tax and maybe reduce every property tax by 30 percent, sales tax by 30 percent, income tax by 30 percent, we can have that conversation. But to shift it to cities where we already have a occupation tax that this was voted down by this body for Senator Vargas, we're shifting the sales tax back to the municipalities. And we're doing that by most of the sales tax comes from individuals who are in the cities, that's just a fact. But at the end of the day, if we don't fix TEEOSA, we're not going to solve anything. So again, I'm going to end this and I'm [INAUDIBLE] anybody say that TEEOSA has to be a part of this package and if the committer of this bill will say that, I'm okay with it and we'll move forward. But if we can't fix TEEOSA in this process, I can't move forward with this bill. Thank you, Mr. President.

FOLEY: Thank you, Senator Wayne. Mr. Clerk, you have a motion on the desk.

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ASSISTANT CLERK: Mr. President, Senator Briese would move to invoke cloture on LB183 pursuant to Rule 7, Section 10.

FOLEY: It's the ruling of the Chair that there has been a full and fair debate afforded to LB183. Senator Briese, for what purpose do you rise?

BRIESE: Call of the house.

FOLEY: There has been a request to place the house under call. The question shall the house go under call? Those in favor vote aye; those opposed vote nay. Record, please.

ASSISTANT CLERK: 22 ayes, 4 nays to go under call, Mr. President.

FOLEY: The house is under call. All senators please return to your desk and check in. The house is under call. Roll call vote in regular order has been requested. All Senators, please return to your desk and check in. The house is under call. Senator Geist, please check in. Senator Halloran, Senator McDonnell. All unexcused members are now present. The immediate vote is whether or not to invoke a motion of cloture. A roll call vote in regular order has been requested. Mr. Clerk, please call the roll.

ASSISTANT CLERK: (Roll call vote taken.) The vote is 23 ayes, 7 nays, Mr. President, on the motion to invoke cloture.

FOLEY: The motion fails. I raise the call. Items for the record, please.

ASSISTANT CLERK: Mr. President, series of items. Amendments to LB183 from Senator Briese, Senator Hilgers, Senator Cavanaugh, Senator Chambers, and Senator Cavanaugh (also Senator Hunt). New study resolutions: LR251 by Senator Vargas; LR252 by Senator Vargas; those will be referred to the Executive Board, Mr. President. That's all I have at this time.

FOLEY: Thank you, Mr. Clerk. Members, the next bills are Final Reading bills with motions on them. If we could at least start with everyone at their desks.

ASSISTANT CLERK: Mr. President, Senator Wayne would move to return LB86 to Select File for a specific amendment. That amendment is AM1912.

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FOLEY: Senator Wayne, you are recognized to open on your motion to return the bill to Select File.

WAYNE: Thank you, Mr. President. This motion is simple. This is a motion to return it to Select File. As we all know, we have a tight budget, and so in working with colleagues, AM1912 would do a one-time fund transfer from the Affordable Housing Trust Fund to the General Fund to pay for the costs that are associated with the necessary revisions to the tax forms by the Department of Revenue. So, that's what this is-- that's why we're returning it to Select File. It's just to make sure that there is no fiscal impact and because this deals with affordable housing and trying to increase affordable housing, it is permissible underneath the statute. And I would ask for a green vote to return it, and then a green vote for the AM1912. Thank you, Mr. President.

FOLEY: Thank you, Senator Wayne. Is there any discussion of the motion to return? I see none. Senator Wayne you're recognized to close on your motion. He waives closing. The question for the body is whether or not to return the bill to Select File for a specific amendment. Those in favor vote aye; those opposed vote nay. Have you all voted? Record, please.

ASSISTANT CLERK: 37 ayes, 2 nays on the motion to return the bill.

FOLEY: The bill has been returned to Select File. Senator Wayne, you're recognized to open on AM1912. Senator Wayne, you are recognized to open on AM1912.

WAYNE: Again, AM19 is-- thank you, Mr. President-- AM1912 provides for a one-time fund transfer from the Affordable Housing Trust Fund to the General Fund to fund the one-time cost associated with the necessary tax revisions by the Department of Revenue. With the amendment, any General Fund cost to implement LB86 would be eliminated. I would urge a green vote on LB86 to Select File. I would urge you to adopt AM1912. Thank you, Mr. President.

FOLEY: Thank you, Senator Wayne. Discussion on AM1912. Senator Bostelman.

BOSTELMAN: Thank you, Mr. President. I didn't talk with Senator Wayne beforehand on this, but I have just a general question on it. I just noticed, I think was it today or yesterday, online that north Omaha, I believe it was 30th Street just got a large federal funding grant for housing on that? Did you see that or do you-- are you aware of that and how does that fit in with things that you have been working on? Is that something you knew about? Or, I guess, is this going to match up real well with what we are trying to do now? Senator Wayne, would you yield to a question?

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FOLEY: Senator Wayne, will you yield, please?

WAYNE: Yes, I will yield. To answer your question, that is in actually in Senator Chambers' district, and it's farther south, it's by a 75 North project. It would have no impact, but the overall impact would be that people are starting to try to build affordable housing. But the difference between that and what we're doing is we are trying to build affordable housing to actually buy the area you're talking about underneath the federal grant. It is replacing the Spencer Street projects, which are low-income housing, and they are actually going to be mixed rental using. Under LB86, we are trying to create that asset of affordable housing that individuals can buy, not rent.

BOSTELMAN: Thank you. I just read that and I didn't know and I didn't get a chance to ask you off the mike, so I thought I would ask you now. Thank you, Mr. President.

FOLEY: Thank you, Senator Bostelman and Senator Wayne. I see no other members wishing to speak. Senator Wayne you're recognized to close on your amendment. He waives closing. The question for the body is the adoption of AM1912. Those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record, please.

ASSISTANT CLERK: 31 ayes, 0 nays on the adoption of the amendment.

FOLEY: The amendment is adopted. Is there anything further on the bill, Mr. Clerk?

ASSISTANT CLERK: Nothing further, Mr. President.

FOLEY: Senator Slama for a motion.

SLAMA: Mr. President, I move that LB86 be advanced to E&R for engrossing.

FOLEY: Members, you heard the motion to advance the bill. Those in favor say aye. Those opposed say nay. LB86 advances. The next bill is LB186. Mr. Clerk.

ASSISTANT CLERK: Mr. President, Senator Lindstrom would move to return the bill to Select File for a specific amendment.

FOLEY: Senator Lindstrom, you're recognized to open on your motion to return the bill.

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LINDSTROM: Thank you, Mr. President. AM1937 provides a funding mechanism for the Online Notary Public Act, administered by the Secretary of State with a transfer in the amount of \$82,167 on or before July 5, 2019; and a transfer the following year on or before July 1 of 2020 in the amount of \$27,682 with the State Treasurer Management Cash Fund to the General Fund. The funds are then appropriated to the Office of the Secretary of State for the purpose of enacting Online Notary Act with AM1938 to LB186A. I worked closely with both Secretary of State, Bob Evnen, and State Treasurer, John Murante, regarding this transfer, and both parties were fully supportive and agreed to this transfer in order to fund this act. We believe that this is the most appropriate method of funding. I would urge your support of AM1937.

FOLEY: Thank you, Senator Lindstrom. Is there further discussion on the motion to return the bill? I see none. Senator Lindstrom, you're recognized to close on your motion to return. The question for the body is whether or not to return the bill to Select File for specific amendment. Those in favor vote aye; those opposed vote nay. Have you all voted? Record, please.

ASSISTANT CLERK: 35 ayes, 1 nay on the motion to return the bill.

FOLEY: The bill is returned to Select File. Senator Lindstrom, did you need additional time to explain the amendment?

LINDSTROM: I do not.

FOLEY: Thank you, Senator Lindstrom. The question for the body is whether or not to adopt AM1937. Those in favor vote aye; those opposed vote nay. Have you all voted? Record, please.

ASSISTANT CLERK: 38 ayes, 0 nays on the adoption of AM1937.

FOLEY: AM1937 is adopted. Mr. Clerk, is there anything further on the bill?

ASSISTANT CLERK: (Recorder malfunction.)

FOLEY: Thank you, Mr. Clerk. Senator Slama for a motion. Excuse me.

ASSISTANT CLERK: Senator Lindstrom, you also had filed AM1823. I had a note you wished to withdraw that?

LINDSTROM: On LB186, yes.

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FOLEY: Amendment is withdrawn. Senator Slama for a motion.

SLAMA: Mr. President, I move that LB186 be advanced to E&R for engrossing.

FOLEY: Members, you heard the motion to advance the bill. Those in favor say aye. Those opposed say nay. LB186 advances. LB186A, Mr. Clerk.

ASSISTANT CLERK: Mr. President, on LB186A, first of all, Senator Lindstrom, you had AM1814; that has a note to withdraw.

LINDSTROM: That's correct.

ASSISTANT CLERK: In that case, Senator Lindstrom would move to return LB186A to Select File for a specific amendment. That is AM1938.

FOLEY: Senator Lindstrom, you are recognized to open on your motion to return the bill.

LINDSTROM: Thank you, Mr. President. The underlying amendment to the bill just changes the operating with an E-clause attached so that the Secretary of State can start promulgating the rules and regulations by the implementation date of July of 2020, and this just gets it moving by July of 2019. So I would urge your support of return to Select for that amendment and we'll have nothing further on that particular A bill.

FOLEY: Thank you, Senator Lindstrom. Is there any discussion on the motion? I see none. Senator Lindstrom, you're recognized to close on the motion. He waives closing. The question for the body is whether or not to return the bill to Select File for specific amendment. Those in favor vote aye; those opposed vote nay. Have you all voted? Record, please.

ASSISTANT CLERK: 38 ayes, 1 nay on the motion to return the bill.

FOLEY: The bill has been returned to Select File. Senator Lindstrom, do you need additional time?

LINDSTROM: No, sir.

FOLEY: He waives the time. The question for the body is whether or not to adopt AM1938. Those in favor vote aye; those opposed vote nay. Have you all voted? Record, please.

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ASSISTANT CLERK: 39 ayes, 0 nays on the adoption of the amendment.

FOLEY: AM1938 is adopted. Mr. Clerk, is there anything further on the bill?

ASSISTANT CLERK: Nothing further on the bill.

FOLEY: Senator Slama.

SLAMA: Mr. President, I move that LB186A be advanced to E&R for engrossing.

FOLEY: Members, you heard the motion to advance the bill. Those in favor say aye. Those opposed say nay. LB186A advances. Proceeding to Select File 2019 priority bills, LB630. Mr. Clerk.

CLERK: Mr. President, with respect to LB630, I have E&R amendments, first of all, Senator.

FOLEY: Senator Slama.

SLAMA: Mr. President, I move that the E&R amendments to LB630 be adopted.

FOLEY: Motion is to adopt the E&R amendments. Those in favor say aye. Those opposed say nay. The E&R amendments are adopted. Mr. Clerk.

CLERK: Mr. President, Senator Morfeld would move to amend. Senator, I have AM1961.

FOLEY: Senator Morfeld, you are recognized to open on AM1961.

MORFELD: Thank you, Mr. President and colleagues. First off, I want to provide a little background on the bill and then also talk about the amendment which is a comprise with the county attorneys. So first off, LB630 accomplishes two primary purposes. As you may recall last week, one, it makes it so that revenge porn is now a crime. So someone that is being threatened, extorted, intimidated, or harassed by a person threatening to distribute intimate images or videos of themselves, that is now a crime. I think that we can all agree upon that is inappropriate conduct, it's conduct that has happened in the state. In fact, a political candidate's wife, I believe, was threatened with extortion of this sort in order for him to get out of the race. That is just one example. This happens fairly regularly now, and in most states it is a crime. Second, my bill makes it so that, currently, children who are consensually sending images of themselves that are

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under the age of 18 are not automatically felons and child sex offenders for the rest of their lives. That is the current status quo. If your son or daughter or granddaughter, niece, nephew, they are under the age of 18 and they consensually send an image to another person their same age or a little bit younger or a little bit older, they have now committed the crime of child pornography distribution, and they are a Class IV felon and they would have to register for the rest of their lives as a sex offender. These laws were created in the 2000's before we had all of these cell phones and before we had Snapchat, before we had Facebook, the availability of the Internet on our phones. And I do not think that they anticipated or contemplated the ease of which that people can send these images and these messages, particularly with how many young people there are that have these. If you look at just the fourth graders that come down to the Capitol, depending on where they are from sometimes, but most of these fourth graders have a cell phone. And I will tell you that each and every day thousands of children probably send text messages that they shouldn't. Now, should they be sending those messages? Absolutely not. Are there other crimes that they can be charged that are much lesser crimes, status offenses, things like that. Yes, there's a possibility of that. But the bottom line is, is right now our statutes are not structured to make it so that these kids have an opportunity to prove that it was consensual and have an affirmative defense. And that is exactly what the second portion of my bill does, is make it so that there is an affirmative defense. So a prosecutor can still charge, but make it so that there's an affirmative defense so that a child or their parents or their guardian can get up and say, well, wait a minute; yes, they did send that image, or, yes, they are in possession of that, but it was consensually sent, given the certain criteria and prove to the court and at least have a defense. Many other states are doing this; Nebraska is a little bit behind the curve. I think that there was common ground and there is common ground on how we deal with this. I want to thank the county attorneys for working with me on a compromise, that's what this amendment will do. I know that there's another portion of this bill, Senator McCollister's bill, that some people may discuss. But I hope that you will look at these-- particularly these two primary provisions, the reason why I originally brought the bill; fighting revenge porn and making it so that children that are consensually sending imagines to one another have the opportunity to defend themselves in the cases that it is consensual. Now, in the cases that it is not consensual, all bets are off. They can still be charged with a crime, and in my opinion, they should be charged with a crime just like with revenge porn. But in any case, colleagues, I have fact sheets on this. I'm more than happy to talk to you, all of you. I had sat down over the last year with stakeholders across the state. The person that originally brought this to me was actually a county attorney and a school law attorney that had seen this as a problem, both on the revenge porn side, but then also particularly in the fact that our current statutes do not take into account the technological realities of today. Thank you, Mr. President.

FOLEY: Thank you, Senator Morfeld. Debate is now open on the amendment. Senator Lathrop.

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LATHROP: Colleagues, good evening once again. Thank you, Mr. President. I'm in support, of course, of LB630 and AM1961. Senator Morfeld described one part of this bill. There is actually two parts of it. One deals with those aspects of essentially what you can do with your cell phone. There are a variety of offenses that are created that relate to the use of taking images and distributing them. Taking images and sending them to another person your age. It was quite an exercise, it was a little bit like a Rubik's Cube trying to figuring out all the different ways these images can be taken; when they shouldn't be offenses, and when they should be. I think we've covered that well in the bill. There is also a piece that deals with the sex offender registry. That would be what is generally referred to as the McCollister piece of LB630. And I'd like to talk to you about why that's in there and what it does. So in Nebraska, if you are a juvenile and you are adjudicated, which means you went through juvenile court and somebody found that you did something that is some kind of a-- I will say generally, probably a lower level offense involving some type of a sexual offense, you would end up in juvenile court and if you were adjudicated, found that you did it, you wouldn't end up on our sex offender registry. That's our standard in Nebraska. OK? That's our standard in Nebraska. If you are a juvenile in Nebraska and you committed a first degree sexual assault or a very serious offense, you wouldn't end up in juvenile court, you would be a juvenile tried as an adult, then you would end up on the sex offender registry. Here is where there's a catch, and here's what the McCollister amendment does and what Senator Hilgers' amendment is going to address momentarily. If you are in, for example, Minnesota, and this is a real life case, you are up in Minnesota, you commit an offense, you go through juvenile court. In Minnesota they would place you on a secret sex offender registry, one that is not public. OK? When you move to Nebraska, our statute says if you were on a registry in another state, you should be on a registry here, even though if you committed the offense in Nebraska, it wouldn't land you on the registry. So, if you are a juvenile, you go through juvenile court, they find out and they adjudicate you, in Minnesota they have this sort of a secret list. Well, we don't have a secret list in Nebraska and that offense wouldn't get you on the sex offender registry in Nebraska, but for a provision in the law that says if you are on a registry in another state, you got to register on ours. McCollister's piece of this, if you will, is you don't have to register as a sex offender in Nebraska because you wouldn't have had to had you committed that very same offense in Nebraska. We don't have the secret list here, so we're taking a juvenile who is adjudicated in another state or essentially importing another state's standard. What McCollister's amendment does, colleagues, is say, you don't get on the list unless you would do something in another state that would land you on the list if it happened in Nebraska. Now, why is all that important? The sex offender registry, colleagues, was intended to warn neighbors, warn people that might come into contact. It's not intended to be an additional form of punishment. Let me say that again. The sex offender registry is not intended to be a form--

WILLIAMS: One minute.

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LATHROP: Thank you, Mr. President. It is not intended to be an additional form of punishment, it's intended to warn somebody. We decided what crimes and what offenses people should be warned about. If somebody commits a certain sex crime that will land you on the list, these won't. I would encourage you, when we take up the Hilgers' motion to vote red on it and allow Nebraska standard to prevail as to whether or not you should be on the sex offender registry. Thank you. I'm happy to answer questions. That might be a little convoluted and a little bit in the weeds, but I'm happy to answer questions on that. Thank you.

WILLIAMS: Thank you, Senator Lathrop. Senator McCollister, you are recognized. Senator McCollister waives. Senator Chambers, you are recognized.

CHAMBERS: Thank you, Mr. President. I will be very brief. I have read a lot of cases dealing with the death penalty that had been handed down by the U.S. Supreme Court. And one of the most famous comments and one of the decisions spoke of the evolving standards of decency that mark a maturing society. What Senator Morfeld is presenting, what he has explained is that evolving standard of decency as technology moves forward. Things that were not even contemplated when the existing laws were put in place must now be addressed. If you have, well, I will just say a Ferrari, people know what that is, you would not deal with that in the same way that you would deal with a stagecoach and vice versa. So despite the fact that I am computer illiterate, it does not cause me to ignore what developments and movements, I'm not going to say progress, movements and changes are occurring in the world of technology. Such being the case, laws have to accommodate these broad, widespread changes. The laws of 1900 will not serve the society in 2019. When these changes occur and we have to recognize what impact they have on younger people. See, I'm further away from being a young person than anybody on this floor. But I still haven't forgotten, basically, the way young people operate, the kind of thoughts, the fears, the stresses, the feelings of anxiety, the depression, the uncertainty, the self-doubt which will still mark youngsters, whether they're going to use a rotary dial phone or a land line, as I use that you punch buttons, or have what they call these smart phones. You're not going to change the nature of what being young means. So when these laws are put in place and they offer a recognition and an adaptation toward the new reality, I hope none of you will think of this as becoming soft on crime, which is that shibboleth that people would refer to during the early '70s when they needed a hot campaign issue. One thing that would help us understand these things is if we have a young child or grandchild and that child happens to runs afoul of a law. We are very understanding, we are very empathetic, and that's why that thing called the Golden Rule, and it can be expanded, says: as ye would that others do to you, do ye even so to them likewise. What you would want for your child or grandchild, make that available for all children. And that will take us steps closer to being a humane, understanding, I don't use the word "love," compassionate society. So I'm hoping--

WILLIAMS: One minute, Senator.

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CHAMBERS: Thank you, Mr. President. --that you will adopt the committee amendment; vote for the underlying bill, and I will have comments on Senator Hilgers' amendment when that is before us. Thank you, Mr. President.

FOLEY: Thank you, Senator Chambers. Senator Hunt.

HUNT: Thank you, Mr. Lieutenant Governor. I want to thank Senator Morfeld for including portions of my bill, LB164, into this bill, LB160; and also thank the Judiciary Committee for making sure that we make fighting revenge porn a priority in Nebraska this year. This bill addresses the issue of non-consensual pornography, which is a horrible violation of privacy that occurs on-line. So this happens when sexually explicit content of an individual is published on a Web site or texted or disseminated via e-mail without the consent of the depicted person. So people who do this are often vengeful ex-partners, they could even be opportunistic hackers or sex traffickers. In a simple search of a victim's name can turn up dozens of links leading to images of their exposed body, and within hours their inbox can be filled up with threats of sexual and physical violence. This is real. This really happens to people. And this can cause devastating and irreparable harm to a victim's personal relationships, to their mental health, to their employment, or their educational prospects. And we have even seen victims take their own lives. I brought a bill to address this this year because I know so many young women who have been affected by revenge porn. And I don't think that lawmakers understand how serious this threat is. I myself have been targeted by people who wanted to hurt my reputation and my business by distributing photos of me that were completely photoshopped, they were totally made up. So there is also a growing market for this. On-line you can easily find people who are willing to doctor images or photoshop images to create fake nude photos. And I believe that we're entering a time in our contemporary history right now where there is a market for incriminating photos of people, and it's just going to get stronger and stronger. And that's why in the Legislature we have to be proactive about stopping that by passing this bill. Beyond the harm that this causes to individual victims, we see the far-reaching impacts on society as a whole. So if we don't take action on curbing revenge porn in Nebraska, we're sending a message that sexual exploitation is acceptable. This message is particularly harmful to the status of women and girls in American society. Ninety percent of revenge porn victims are women and girls. And throughout history, rape, sexual harassment, and voyeurism have been used to quote, put women in their place; and this is no different. So it is no surprise that successful women are targeted by this kind of behavior. I am really happy that I am not alone in the view that these forms of abuse can't go unpunished. That's why we saw so many bills to address revenge porn introduced in the Legislature this year by our colleagues. And because technology has changed so dramatically, as Senator Chambers said, we have to ensure that victims of revenge porn have support and methods for legal recourse. That is why I think this needs to be a crime in Nebraska where victims can have criminal recourse, not just civil. Because if this happened to me, I want to call a cop, I don't want to call a lawyer. And passing this bill will make justice more accessible to

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younger, lower income people who are most likely to be affected. Today, 41 states have criminalized revenge porn including our neighboring states of Iowa, Kansas, Colorado, South Dakota, and Missouri. It's really time for us to catch up with the rest of the nation and bring our code closer to a modern standard that recognizes the unique impacts of a technologically connected society. So we need to provide victims with legal recourse; we need to hold malicious actors accountable, we have to deter others from engaging in this harmful practice. And this will also send a message to broader society that sexual exploitation is not an acceptable form of entertainment or punishment or retaliation or revenge. So I urge your green vote on this. And once again, I want to thank the Judiciary Committee and Senator Morfeld for taking this bill seriously. And I have a lot of friends back home who are going to be happy about this. Thank you.

FOLEY: Thank you, Senator Hunt. Senator Morfeld, I see no one else in the queue, you are recognized to close on your amendment.

MORFELD: Thank you, Mr. President. Colleagues, just as a reminder, this is an amendment that was a compromise between myself and the county attorneys; I appreciate them working on it with me. And I urge your adoption of the amendment. Thank you.

FOLEY: Thank you, Senator Morfeld. The question for the body is the adoption of AM1961. Those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record please.

CLERK: 30 ayes, 1 nay on the adoption of Senator Morfeld's amendment.

FOLEY: AM1961 is adopted. Mr. Clerk.

CLERK: Senator Hilgers would move to amend.

FOLEY: Senator Hilgers, you are recognized to open on AM1923.

HILGERS: Thank you, Mr. President; good evening colleagues. I am opening on AM1923. This is referenced by Senator Lathrop. So before I start, I just want to make it plain to everyone, I have spoken to Senator Morfeld about this; I've spoken to Senator Lathrop about this; I've spoken especially to Senator McCollister about this; I've let Senator Chambers know what I am intending to do. This is an amendment that I hope will get an up or down vote. It relates to a policy issue facing the state of Nebraska. This not intended to be a filibuster; I'm not trying to kill Senator Morfeld's bill. This is just one particular issue that I want to have a discussion on the floor. And, ultimately, at the end of this discussion I would encourage your green vote on

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AM1923. So let me take a step back and sort of set the stage for what we're doing. So, Senator Morfeld's bill, everything that was-- almost everything that was just discussed related to the original LB630, and if that is what is in your mind right now you can just put that to the side for the moment-- or at least for the course of this debate on AM1923. What I'm dealing-- what this amendment goes to is LB510 which, if you might recall last Thursday, we amended into LB630, and my amendment would amend that out. And if you recall the conversation last Thursday, I got on the floor and said, hey, you know, Senator Morfeld is leaving, he's not going to be here, we're going to see if we can work through some agreements on LB510. And if we can, we'll bring forward a compromise amendment, but if we can't, I'll be back on Select File to talk about this. So we did have discussions. We couldn't reach agreement. So here I am and here we are. So what does LB510 do and why do I care about it? So LB510 changes, what I believe, is the status quo as it relates to sex offender registries for out-of-state-- for individuals who move to Nebraska from out of state. And let me take-- give you a little bit of context about how those registries work and what the law is and how it's evolved over the last 20 years and why I think this matters. So it used to be, and it is still large-- is to some extent, that each state had their own sex offender registry. And you don't want to encourage, sort of, form shopping between states where someone might be on a registry in one state and might go to another state. And so the federal government, I don't know, 20, 25 years ago, created a federal standard which was-- is different than the Nebraska standard. And in order to encourage some uniformity, it incented states to pass a number of laws, one of which would be to have a-- pass a model sex offender registry, which would have created a state standard similar to the federal standard. And if you would have done that, you get-- the state would get a certain amount of funds. Nebraska did most of the things necessary to get the funds, but it didn't do one thing, and the one thing that it didn't do was it didn't change its standard to the federal standard. Now, the federal standard, I've referenced it before, but what it is, this will come up during the debate, the federal standard is that if you are 14 or older and you are adjudicated of an aggravated sexual assault, some of the worst of the worst, you could still go on-- you would still go on a sex offender registry. So that was the federal standard. Nebraska, as I mentioned, didn't do the federal standard. In Nebraska, and this was mentioned by Senator Lathrop, in Nebraska, there is-- there is no-- you are not put on the registry. So even if you are adjudicated in juvenile court of an aggravated sexual assault, you would not be on the registry. Now, that's a policy decision made by the state of Nebraska. I might quibble with it, but I'm not trying to change that policy decision here today. What LB510 goes to is a disparate treatment between in-state and out of state. I actually think this is a problem. And to Senator McCollister's credit, and I agree with him that is a problem that we ought to consider solving. The difference is, this was alluded to by-- and stated by Senator Lathrop, the difference is if you are in a-- let's say you're in Colorado, California, New York, any other state but Nebraska, and you are adjudicated-- you're on their registry; now, it doesn't matter how you got to that registry, you might be an adult; or, critically for this discussion, you might have been put on the registry due to that state's laws when you were adjudicated as a juvenile. So if you were in Nebraska, you would not have been on the registry, but in that state you were, and then you

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moved to Nebraska, you would be on Nebraska's registry. So what that creates, and this is the problem I think LB510 is intending to solve, it creates a disparate level of treatment. Right? So if you're in state, you're not on the registry; and if you are out of state, you are on the registry. Now, that problem, we could agree that that's a problem, and by the way, it might not rise to a level of a constitutional problem, this issue is being litigated right now, and it might, it might or it might not. You can imagine, by the way, a very sound policy rationale for having the Nebraska scheme, but not allowing for out-of-state residents to come to Nebraska and not be on the registry. And one reason might be, is you might say, well look, in Nebraska we know our courts, we know our judges, we know our prosecutors, we know our defense attorneys, and we're going to look and say, look, we know that they're going to do what Senator Lathrop said, that if it's a really bad crime, they're going to do the right thing, they're going to go to adult court and they could go on the registry that way. But you could say that about Nebraska, whether we agree or not is a separate question, but we don't know anything about how those policies are implemented in other states. So you could articulate a policy rationale between the two states. But what LB510 would do, and it's very simple, it would just say, you have to be treated under the Nebraska standards. So if you're adjudicated in Nevada or New York or Texas or wherever it is and you're on the registry, you move to Nebraska, you're no longer on the registry, or you're not on the Nebraska registry. So what my amendment would do would strip that out. For several-- and I believe that that's sound for several reasons. One of which, it keeps the status quo. I think it's a system that's worked pretty well for us. Two, this is an issue that's being litigated currently. And if it is-- this treatment is unconstitutional, we'll have to deal with it then. Three, I think if you're going to make parity, if you're actually going to make them equal, I don't think you should make them equal such that you don't allow anyone to be on the registry in any circumstances if they're adjudicated in juvenile court. So I would not be opposed, and I'm not offering this because I know this would cause more opposition. I do think it would be worth having a hearing and a separate bill maybe next year. I would propose, hypothetically, I'm not doing this in my amendment now, I would propose saying, OK, let's make them the same, but maybe we'll make the Nebraska standard like the federal standard. In other words, if you are over 14, convicted in juvenile court of an aggravated sexual assault, then you would be on the registry. But you'd be treated the same at least, out of state, in state, same, no problem. So what this does, I think, is it encourage-- and I don't-- I do think there is a difference, but I don't think that difference compels this solution. And this solution would, I believe, encourage those to move to Nebraska. And for those who are-- put aside the individuals who are not the worst of the worst, who maybe we wouldn't want on the registry, and I fully understand, appreciate and am sensitive to the impact of being on the registry can impact people in their lives, I'm absolutely sensitive to that. And if there was a middle ground here, I'd be open to it. But I don't think that we ought to take-- we ought to say that those individuals can come to Nebraska and, basically, form shop and come to our state without some kind of notice where we can have that-- where we can put them on the registry if they have been in Colorado. So the same problem that the federal law was trying to solve, this form shopping concept where people go to other states in order to get off one

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registry-- to get off a registry, I think this is what this bill would create. So what I'm asking in AM1923 is simply to strip out the language from LB510, and to keep the status quo, and potentially bring a bill next year, see what the courts do on the constitutionality question, bring a bill, have a conversation about maybe we level it up at the federal standard or some other place, have that policy conversation. But what I don't think we ought to do is to level down the out-of-state people where we don't know their courts, we don't know their systems, we don't know their prosecutors of any of the states, let alone all 49, and say, if you just-- by virtue of you moving to Nebraska, you will no longer be on a registry. I don't believe in the policy rationale there. And that is why I'm bringing AM1923. Now as I mentioned before, this is an amendment that has been communicated to the parties. I know where Senator Lathrop stands; I know where Senator McCollister stands, Senator Chambers, Senator Morfeld, and others, I know that they're opposed to this. I brought it, not to kill the bill, but to have a good policy conversation. I want to get to an up or down vote. I don't intend to talk more than a time or two, maybe respond to some questions and have a good dialogue and conversation. And I hope at the end of this, that the body will vote AM1923, vote it green and adopt the amendment; but if we don't, it is not my intent to filibuster this bill. So with that, I look forward to a good conversation on this amendment. And I thank you very much, Mr. President.

FOLEY: Thank you, Senator Hilgers. Debate is now open on AM1923. Senator Chambers.

CHAMBERS: Mr. President, members of the Legislature, this will be an interesting discussion, but I don't think it will be extended. Once again, I'm in a position different from my colleagues. You have three competent lawyers: Senator Morfeld, Senator Lathrop, and Senator Hilgers. I am trained in the law, but I'm not a lawyer. But I think that I have as much facility in dealing with the law as my three colleagues who have decided to join that nefarious-- I meant join the bar association. Here is the way I look at this. Each state has a legislature and in every state there is a provision in their constitution that that legislature cannot delegate its legislative authority to anybody. So if the legislature grants to an agency or an official authority that is not hedged in, with enough rules and regulations, and that person or that agency acts like a legislature, in other words, will make those kind of decisions without any legislative direction and they have the force of law, that provision by the legislature will be struck down as an unconstitutional delegation of legislative authority. Only the Legislature can legislate. That's why if the Legislature refers to a federal law, it has to state specifically at what point that provision, the provisions of that law are to apply in this state. Otherwise, you would just be saying every time the federal law changes, the law of Nebraska changes, and that would be allowing the federal government to usurp the authority which the constitution here gives only to the Legislature. Such being the case, the Legislature of Nebraska sets standards for how people are to be dealt with if they commit certain violations of the law. They have to be violations of Nebraska law. If you go to Minnesota and you shoot somebody, you cannot be charged under the Nebraska law because the crime was not committed here. If you wound up coming to Nebraska, you'd be extradited to

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the state where the crime was committed. The Legislature of this state should determine what circumstances would cause a person to wind up on that sexual offender registry. The Legislature of Nebraska legislates for what happens in this state and no other state's legislature is to legislate and bind what is done for people in this state. So if the legislators came to a conclusion that only situations A, B, and C would land somebody on the registry, then another state, if they go D, F, G, H, I, J, K and put people on their registry and somebody is on the registry there and they come here, if they had not committed what would constitute a violation of A, B, and C in Nebraska, they will not go on the registry in Nebraska. Minnesota's law cannot dictate who will go on the Nebraska registry. That's up to this Legislature. If prosecutors don't like it, if the Attorney General doesn't like it, let them travel to those states and tell them, change your law--

FOLEY: One minute.

CHAMBERS: --so that anybody who goes on your registry will have committed the kind of offense that would put them on the Nebraska registry, and they'd say, you're crazy, go on back to Nebraska. So when you flip that around, it's saying that other states' legislatures will legislate for Nebraska. So whether you like the conduct or not is beside the point. No other states' legislature should legislate for this state. So whatever a person did in another state, if it is not considered a crime in this state, they can't be punished as though they committed a crime. So if what they did in that other state is something that would not get them on the registry here, they shouldn't be on the registry. Thank you, Mr. President.

FOLEY: Thank you, Senator Chambers. Senator McCollister.

MCCOLLISTER: Thank you, Mr. President; good evening, colleagues. Four lawyers and a layman, that's what we've got here tonight, and I'm the layman. I first want to thank Senator Hilgers for the way he's going about this debate tonight, first class, as he is. And he's put the whole situation into perspective. So I'm very grateful for that and he's a true gentleman. Number one, the sex registry laws in Nebraska need to be reformed. They need to be reformed big time. And this is a clear example of a need that we have, and I think we should perhaps engage in that next time. Secondly, the status quo with regard to sex registry in Nebraska versus other states is confusing. Why is that? Well, we have two competent courts. First the Supreme Court of Nebraska, and secondly, the Eighth Circuit Court of Appeals that's ruled differently on this particular subject. And so, you can't say that there is clear evidence on one side or the other. We have three branches of government: legislative, judicial, and the executive branches. And it's up to us to determine the laws in the state. And if a various court is confused on the laws in this state, it's the responsibility of this body to provide clarity. And I think LB510, that I introduced, did that. Just going through some of the opening that I made, I introduced LB510 to prevent the requirements of the Nebraska sex offender registry from applying to people found to be juvenile

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offenders in courts in other states. Nebraska law provides that juveniles are not required to register as adult sex offenders for crimes for which they may be required to register if they were convicted as an adult. Nebraska statutes state that juveniles should not be placed on the sex offender registry if they were tried as juveniles in other states. I think it's clear, absolutely clear. I think it's important for this body to not put a brand on a kid for life. It's a mean-spirited application of Nebraska law, I think, to make certain or obligate a kid from another state to automatically go on the sex registry in Nebraska. Thank you, Mr. President.

FOLEY: Thank you, Senator McCollister. Senator Lathrop.

LATHROP: Thank you, Mr. President and colleagues. I want to clear up a couple of things and make sure you understand, we're talking about kids. OK? We're talking about kids and what the bill does currently and what Senator Hilgers' amendment would take away is when a child who has been adjudicated in a juvenile court in another state comes into Nebraska, what standard are we going to apply as to whether or not that kid will be on the sex offender registry? Is it going to be the Nebraska standard or the standard from the state he came from? OK? The way the bill is currently put together, we would apply the Nebraska standard. Hilgers' amendment would say, if he was on a sex offender registry in another state, no matter what we do with him if it happened in Nebraska, we're going to put him on the registry. Why is that difficult? Here is the problem. These things, and I've sat through a million of these hearings, it seems like, down in the Judiciary Committee, when we deal with the sex offender registry, you don't know how many lives you ruin with that registry. Now, some of them may deserve to be on there for sure. Right? Somebody commits, but the point is to warn people. If you look on Nebraska sex offender registry, you'll see people. You type in your zip code, you'll find the people that live by you. So are we going put a juvenile on there? Are we going to put a juvenile on there? Nebraska has decided what that standard is. What crimes will get you on the sex offender registry? We're not asking to hide people, and we're not asking for people who would get on that registry, if they've done it in Nebraska, to be excluded. Right? So let me give you an example. In Morfeld LB630, we deal with kids passing naked pictures of one another to-- so boyfriend sends a picture of his naked body to his girlfriend. They're 15 years old. Let's say in Colorado that that's a sex crime, it's not even a sex crime here under LB630. Let's say it's a sex crime in Colorado and it would get you on the registry. That kid moves to Nebraska, Hilgers' amendment would make him be on our registry, even if it's not a crime here. So the question is whether we're going to import another state's standard or whether we're going to use our own. Senator McCollister's contribution to this bill is to make this simple proposition: if some juvenile comes into Nebraska and they did something stupid in another state that got them adjudicated and on another state's registry, whether they end up on our registry is going to depend upon if that happened in Nebraska, would we put them on our registry? Understand the significance of what we're doing, because when you put somebody on this registry, it's hard for them to get work. It stays with-- they stay on there for long periods of time, some of them forever. They can't get employment.

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They can't get into schools that they want to get into. They can't-- in the neighborhoods, their neighbors know who they are. They're on a registry, right? And that's OK if we need to be warned about them. But it's not a form of a punishment. Sex offender registries are intended to tell the neighbors and the people who come into contact and who care to look this stuff up, who is the guy that has the inclination or the prospect for committing another offense that might affect your family? Nebraska has decided long before Morfeld's bill ever came along who is going to end up on the registry and who is not.

FOLEY: One minute.

LATHROP: And we're not going to import, in my judgment, the standard for another state that we don't know. It might be something that's not even a crime in Nebraska, and now we're going to put them on our registry when we've decided that that's maybe not even an offense. If it's an offense, it's not the kind that would land you on the sex offender registry. Why is that important? These are juveniles. We're talking about kids. We're talking about kids and we need to get this right. We need to get it right and I think the smart thing to do is simply to say, as the McCollister contribution to this bill does, you'll end up on the registry if you come from another state depending upon whether that offense would have landed you on the registry had you done it in Nebraska. If you agree with that proposition, then you'll throw a red light on the Hilgers' amendment. If you think we should accept some other jurisdiction's decision--

FOLEY: Time, Senator.

LATHROP: Did you say time?

FOLEY: That's time.

LATHROP: Thank you.

FOLEY: Thank you, Senator Lathrop. Senator Hilgers.

HILGERS: Thank you, Mr. President; good evening, again, colleagues. I appreciate the conversation so far. I'm going to address a few points. But let me start where we agree. I certainly would have no disagreement with Senator McCollister saying that our system is in need of reform; completely agree. I would have no disagreement with Senator Lathrop when he says that we have to be careful here because this could ruin someone's life. There's no disagreement that you have with me. But what I do disagree with is the interpretation of what the Nebraska standard is. I really appreciate Senator Lathrop's framing, but we disagree about what it means.

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The Nebraska standard is in our statute. And it's been there for over a decade. The Nebraska standard has two pieces. It says if you are in Nebraska where we know our prosecutors, we know our felony laws, we know the things that might apply, our judges, we know our system, then we are comfortable saying that if you're adjudicated in juvenile court, you will not be on the registry. But the Nebraska standard, as defined by our statutes that are in law, says that for other jurisdictions, where we don't know the prosecutors, we don't even know if they have the same felonies or crimes that we have here in Nebraska. We don't know their court systems. and if that jurisdiction found it necessary to put them on the registry, we will respect that decision. So the Nebraska standard is not saying, no matter where you are, Nebraska or otherwise, if you're a juvenile adjudicated in juvenile court, you will never be on a registry full stop, to the contrary it's more nuanced. And what we would do, if the amendment fails, is not implement the Nebraska standard, what we would do is actually-- we would be repealing what has been in the statutes for well over a decade. Our policy has not been, if you are adjudicated in juvenile court, no matter where in the country, even if we don't know the prosecutors, even if we don't know the system, then you will not be on the registry. It has never been the-- it hasn't been, I shouldn't say "never", it has not been the policy in recent history. So I think the Nebraska standard is a little bit different. Now, I do agree with Senator McCollister about the confusion of the courts. But I think that at least on one point it's been settled, and I think it's worth, since we're making a record here, to be very explicit about what happened. So, the Nebraska statute says if you are registered in another state and you move to Nebraska within, I think, three working days, you have to register in Nebraska. That's what it says. And that's how it was being interpreted and enforced by the Nebraska State Patrol. And in 2017, a federal case went up. There was a motion for preliminary injunction to enjoin the Nebraska State Patrol from enforcing that law against someone who had moved to Nebraska. And the argument that ultimately went to the Eighth Circuit was that, wait, no, this law that's in place, and it's currently in place, by the way, that law that's in place actually-- what it really means is if you are convicted and-- it doesn't mean that if you're just on a sex offender generally or on a registry generally, it means you have to be convicted, which has a specific type of meaning that has a higher standard. So the Eighth Circuit said, look, there is no case law in point, but this is how we're going to interpret it. Because the way the Eighth Circuit works is that-- and this would be true of any federal court-- if a federal court is interpreting state law, and in here the Eighth Circuit interpreting Nebraska law, and there is not a case on point that they can point to and say, ah-ha, this is what the Nebraska Supreme Court is telling us. They kind of make their best guess. They make their best interpretation. Oftentimes, that's very persuasive, and really can only be trumped, in most cases, by one thing. And it just so happens that it's one thing that we have here, which is an affirmative ruling from the Supreme Court of that state saying no, no, no, you got it wrong, this is what the Legislature really meant. And that's exactly what happened here. Last year in a case, the Clemens decision, there was a similar dispute and the defendant in that case was relying on the Eighth Circuit decision saying, well, look, the Eighth Circuit said this is how you interpret this statutory provision. And the Supreme

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Court said, we're going to look at the statute. We respectfully disagree with the Eighth Circuit. But what happens when the Eighth Circuit--

FOLEY: One minute.

HILGERS: --and the Nebraska Supreme Court disagree, respectfully or otherwise on a issue of Nebraska state law, the Nebraska Supreme Court controls. So that piece, while there was some confusion, Senator McCollister is no doubt correct, that for about a year, there was some confusion. That piece right now is settled. I appreciate Senator Chambers' delegation point. I think this is-- this isn't similar or precisely mirror of a-- of someone, a sort of full faith in credit recognition of someone convicted of a felony in another state, but I do think it's a helpful way to look at this. You could be convicted of a felony for a crime in Oregon that does not exist in Nebraska. But if you move to Nebraska and we don't have that crime on our books, that does not mean that you are no longer a felon. It doesn't mean that there is no longer a consequence to your actions. So I think I'm about out of time. I may get up one more time. The one thing I did-- to clarify, if the amendment doesn't get on, I do not intend to filibuster, but I certainly will vote red on the bill.

FOLEY: That's time.

HILGERS: Thank you, Mr. President.

FOLEY: Thank you, Senator Hilgers. Senator Hilkemann.

HILKEMANN: Thank you, Mr. Lieutenant Governor. I have-- I'm a little bit like Senator McCollister, having all these attorneys around here and trying to figure out exactly what's going on here. But I'd like to ask Senator Lathrop if he would yield to a question.

FOLEY: Senator Lathrop, would you yield, please?

LATHROP: Yes, I'd be happy to.

HILKEMANN: We were starting to talk about this earlier today and we got interrupted and I just kind of want to get clarification of this. And I'm going to use a term here and it's totally-- it's not the same thing, and I'm not even implying that, but I guess it's probably the easiest, we talked about sanctuary cities or sanctuary states. With this, are we going to become a sanctuary state for adolescent sex offenders that will come from another state to come to Nebraska?

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LATHROP: No. No.

HILKEMANN: Tell me why that's not the case.

LATHROP: I'll tell you why, and as an important example, this kid that sort of generated this concern came from Minnesota. He was on a secret list, like when you type in Nebraska sex offender registry and you can do a Google search and put your zip code in, you can find all the people in your zip code that are on the sex offender registry. If you did that up in Minnesota, you wouldn't have found this kid because he's a juvenile. He's not on the public list. So even the list that these people came from wasn't a public list. It might have helped law enforcement know, right? But it didn't tell the neighbors, right? And that's part of the difficulty. But no, we will not become some kind of a sanctuary state for juvenile sex offenders.

HILKEMANN: OK. What kind of-- do we have any number of people that would qualify-- what's the number of people who-- juvenile offenders in this state? Do we have any idea?

LATHROP: I think it's-- I'm guessing it-- it would be a wild guess, but I got to think it's less than ten.

HILKEMANN: OK.

LATHROP: We're not talking about a lot of kids. We're not talking about a lot of people that this affects. But it does affect some. And if you're on there, now you're on a public sex offender registry because you came from a state with a private registry, right, for a juvenile offense that wouldn't get you on the list if it occurred in Nebraska.

HILKEMANN: Thank you, Senator Lathrop. I wonder if Senator Hilgers would yield?

FOLEY: Senator Hilgers, would you yield, please?

HILGERS: Absolutely.

HILKEMANN: Senator, I heard you say earlier, and I think I know the answer to this question, but you said that if your-- that you were not going to try to filibuster this bill, but that if your amendment does not make it or it's not approved, you're going to oppose this bill, all the aspects of the bill. Is that correct?

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HILGERS: That's correct.

HILKEMANN: Thank you. I'll yield my time back to the Chair. Thank you.

FOLEY: Thank you, Senator Hilkemann. Senator Friesen.

FRIESEN: Thank you, Mr. President. One of the comments I'm going to make here, and it deals with the whole sex registry to start with, and in rural areas what this does is that the restrictions on where you can live in a small town, if you can't live near a school or a daycare and all those other things, sometimes drives people completely out of town. And so there are times when I've thought that we have a problem with our whole registry system. So what it's done in small communities is those little towns out there that don't have a school or anything else, they're real small, our sex offenders are congregating there because they can't live anywhere else. The small towns without a school, without a daycare, they can live anywhere in that community, and so what it's doing is forcing them to move out of the bigger towns and into those smaller communities. So when I look at it, I realize that there is a need for it in some cases. But I sure don't want to put people on it that just did something stupid when they were young, like sharing pictures. That's crazy. If you never get off that list, you're on it forever; and in the rural communities, that stigma stays there forever. And so again, we have a problem with the housing and everything else, and it is congregating people and forcing them to live really where they don't want to live, they're having to drive into the bigger cities for work. So we need to look at this down the road in a bigger picture also. So I'm going to-- I'll just see once where I want to be on the amendment and everything. But those are some of the issues we see out there in rural Nebraska. Thank you, Mr. President.

FOLEY: Thank you, Senator Friesen. Senator Hunt.

HUNT: Thank you, Mr. Lieutenant Governor. I want to put this in some plain English and be really direct and clear here, and if I'm wrong, I'm going to ask Senator Lathrop to clear that up. So, I think we can all agree that if a minor in any state anywhere sends another minor, who maybe they're in a relationship with, a consensual, welcome, wanted, sent it on purpose, received it on purpose nude photo, that they should not be on the sex offender registry for life because of that. And from my understanding, under this bill, it says, had such adjudication occurred under the laws of this state, Nebraska, there would be no duty to register. So if we pass a law in Nebraska saying, hey, 16-year-olds, if you send each other nudes and it's fine with you guys, you do not have to be sex offenders. But under Hilgers' amendment, if this happens in a state where it is illegal to do that and you do have to be on the sex offender list, if they were then to move to Nebraska, then they would have to be on the list. Would Senator Lathrop yield to a question?

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FOLEY: Senator Lathrop, would you yield, please?

LATHROP: Yes.

HUNT: Is that pretty much right, what I said or is it wrong?

LATHROP: Say it again.

HUNT: So if a teenager sends a consensual nude photo to another teenager, who maybe they're in a relationship with, and they're out of the state, and in that state, they would have to be on the sex offender registry for that. They moved to Nebraska. Under Hilgers' amendment, they would have to be on the sex offender registry?

LATHROP: That's true.

HUNT: OK, thank you. I think we can all agree that's nuts. This amendment is weird. Let's vote against it. Thanks.

FOLEY: Thank you, Senator Hunt and Senator Lathrop. Senator Albrecht.

ALBRECHT: OK. I'm going to talk a little bit about what you just said, Senator Hunt. So let's say that these young children decide that it's OK, they exchange photos with each other, but then come to find out that one or the other has shown it to someone who is over the age of whatever is right, like if they showed it to an adult. Then that becomes an offense there big time because it's child pornography. So my question to Senator Lathrop, if he would yield to a question. Senator Lathrop.

FOLEY: Senator Lathrop, would you yield, please?

LATHROP: Yes, I'd be happy to.

ALBRECHT: A couple quick questions. You have the secret list coming from another state, whether it's Minnesota or wherever, does that child or youth, whatever you want to call him, does he have to tell them that he's leaving the state? Does he always have to tell them where he's living? First question.

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LATHROP: First question, it would depend on the laws of the state from which he came. I can't answer-- I can't tell you definitively.

ALBRECHT: Because in Nebraska, we wouldn't even know, correct, if it's sealed or--

LATHROP: I don't know how they know when one of these kids come here, but they do, or we'd never have this problem.

ALBRECHT: But you-- so the examples that you were giving us were not actually from somebody who we didn't know what-- that they were on a list?

LATHROP: No. There is a kid that moved here from Minnesota that was on a secret list and ended up on the for real, public sex offender registry list.

ALBRECHT: How long do these people stay on these lists? Forever?

LATHROP: I think it depends on the offense. And I'm not an expert on the length of those.

ALBRECHT: OK. Because, you know, serving on the Papillion City Council, I remember we had a situation where someone exposed himself at a school and the family lived right next to the school, so he was on the sex offender list. It was a dumb deal. But he couldn't even go back home. But at the same time, I'm now living in the country and what Senator Friesen says is true. I mean, they're coming out to our area more so than in the big city because you can't be around wherever you need to be around. I just want whatever we're going to do here to protect the citizens of the state of Nebraska. We deserve to know. Kids are doing really dumb things today on these phones. I wish the parents would wake up and take a look at their phones every now and then. This is a serious issue that needs to be addressed in the right way. And if the laws are different all over the country, but yet we have a federal standard, if the state of Nebraska, do we adhere to the federal law, Senator Lathrop, or do we not?

LATHROP: Well, you heard Senator Hilgers talk about a federal standard. I don't think that was a mandatory universal federal standard. I think it's one that could be adopted by individual states. We have our own version of a sex offender registry. I happen to have been around when we-- in order to get Adam Walsh federal dollars, we did change to try to be in compliance. So I don't know to what extent we're not in compliance, but I thought when we amended the sex offender registry list a while back that we got into compliance with federal criteria.

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ALBRECHT: Because I guess I'd just like to know, do these-- do these-- how long do they stay on? Give me some examples. If you're talking about what Senator Morfeld would like to see happen, how bad of an offense do they have to comply with this? And how long would they normally stay on that type of an event? Do you have any idea?

LATHROP: I'm getting some indication that they stay on there 25 years.

ALBRECHT: That's a long time.

LATHROP: That's a long time.

FOLEY: One minute.

ALBRECHT: OK. Well, that's why it's complicated to listen to all three of you guys talk about this so quickly that it's what you do every day. But I'm trying to wrap my head around it. But I certainly would want to know if somebody is moving from out of state to know that, hey, we can move to Nebraska because whatever I did somewhere else isn't as bad as what it is in Nebraska. But I would think that Nebraska would have some strenuous policies and laws and I hope that they would. But thank you for your answers. Thank you.

FOLEY: Thank you, Senator Albrecht. Senator Lathrop.

LATHROP: Thank you. Senator Albrecht, so one of the things about the sex offender registry that we should keep in mind in this debate is it should be about telling us who we should be afraid of. Right? It shouldn't be a form of punishment. So when a juvenile does something dumb, and it could be the latest dumb thing to do is sending pictures to one another, right? If a juvenile does something dumb, is that going to affect me or my family? Right? And so particularly with young people who exercise very poor judgment at times, and particularly in some of these things that are becoming sort of a fad thing to do or becoming commonplace, we can't know in every state what gets you on the registry. Right? And we don't know what kind of registry they have set up for juveniles. But what I do know is it could be that you land on the registry in Nebraska because you moved here from a state that made something against the law and put you on a registry in one state that isn't even against the law in Nebraska. That's the first thing. It might not be a crime and it might not get you on. And here's the other piece that makes this, I think, particularly unfair and why I think applying the Nebraska standard is important because some of these states, like Minnesota where this particular young man came from, it was a secret list. It wasn't even our version of a sex offender registry. Our registry is intended to warn neighbors, to warn co-workers. And so some kid that's on a secret list for doing something when he's a

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juvenile, because that's their rule, comes here, we don't have a secret list, we only have one. Guess what? Now you and your family can't rent an apartment, or now all these things follow you. You might not get into the school you want, all because of something dumb you did, something dumb you did. And understand, if somebody did something really serious as a, let's say a 17-year-old kid was involved in a rape, that kid isn't going to juvenile court; he's going to adult court where he's tried, convicted, and ends up on the registry. If it's something, and you can persuade the court that you belong in juvenile court, comparatively minor stuff, the standard is whether you are amenable to rehabilitation, and that's a better outcome from you, then you're in juvenile court and it doesn't get you on the registry in Nebraska. And all we're saying is, let's apply that same standard when somebody comes in and we'll say, if you did it in Nebraska, would you be on the registry? If you would, you're there. If you're not, then you're not. You won't be on the registry because we're not going to import somebody else's secret, you know, somebody else's idea of what's a crime, somebody's idea of whether you should be on a registry. And worse, take you from a secret registry in your home state and put you on a public one in Nebraska. And then you can't get an apartment. You can't go to particular schools. You can't be in certain places. This is a more equitable way; and Senator McCollister has addressed it in LB630. And I would encourage your opposition to AM1923. Thank you.

FOLEY: Thank you, Senator Lathrop. Senator Chambers.

CHAMBERS: Thank you, Mr. President. Members of the Legislature, I'm going to try to say something that I hope will be clear to everybody when I say it. From the discussion, there is confusion that exists right now. There are differing court opinions. When that happens, it's the duty of the Legislature to bring clarity, to make sure that these kind of questions don't keep rising. So despite what may have happened, what might happen, the purpose of this law is to state specifically and clearly what is to take place. So it's simply saying, what the policy of Nebraska is and that policy is that a person is not deemed to have violated Nebraska law because they violated a law someplace else. If what was done someplace else does not violate Nebraska law, then Nebraska is not going to take action. If you commit a crime in another state, you cannot be punished in any other state. We're not talking about that. What we're saying is that conduct occurred in another state and that person moves to Nebraska. Under Nebraska law, if that exact same thing were done in Nebraska, there would be no legal repercussions. What this law-- this proposed change in the law, that Senator-- I was wondering if my friend is paying attention. What he's trying to do with his law is to bring clarity. And here is all that it says: whatever Minnesota or any other state said, they can handle things in their state the way they want to. But in the state of Nebraska, the only way some kind of-- it's not exactly a punishment, but some kind of disability will be imposed on a person is if what was done in that other state would put that person under that disability, based on Nebraska law. That person who comes to Nebraska is not going to continue to be judged by the law of Minnesota. I hope that you will reject Senator Hilgers' amendment. If you reject it, then we stay right where we are now with all

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of these questions, all of these uncertainties, but Senator Hilgers will take away, with his amendment, the opportunity to clarify the law. Senator McCollister's amendment brings clarity. Senator Albrecht, if she had an interest, would be able to look at the law and understand what the situation is, because it would be clearly stated in the law. Let's say you had a relative someplace, Detroit, and that relative is a youngster and says, now, auntie, you all might say auntie here, auntie, here in Detroit such and such happened and I'm on this list. If I come to Nebraska, what will happen there? You could have a lawyer tell you what the law is here, then you could tell him authoritatively: if you come to Nebraska, that that was on you in Detroit is not going to be a millstone around your neck here. But if it's one of those situations where if the conduct you engaged in in Detroit--

FOLEY: One minute.

CHAMBERS: --is what got you in trouble, and under the Nebraska law it would also get you in trouble, then if you come here, the Nebraska law is going to treat you the same way that you were treated in Detroit. But if the Nebraska law does not require you to be on the list, if you did it here, you can come here from Detroit and you don't have to go on the list. That's all that Senator McCollister's amendment will do. The Legislature has to stop letting the Attorney General or the prosecutors come in here and upset the apple cart because there is something they don't like about what we're doing. We formulate the policy. I think this is a good one. I hope you will defeat Senator Hilgers' motion, or his amendment, and then adopt the bill. Thank you.

FOLEY: Thank you, Senator Chambers. Senator Wayne.

WAYNE: Colleagues, I was trying not to speak, so I know Senator Morfeld and Senator Hilgers want a vote on this. Thank you, Mr. President. Sorry I didn't say that. But I'm probably the only one who actually practices in juvenile law here and I also practice in family law. So I'm going to try to explain this the best I can, similar to what Senator Chambers said, but I'm going to give you context around what happens. What happens as an adult, if you are convicted of a felony in another court and you come to Nebraska, Nebraska treats that conviction the same. But federal law, through Congress, has historically continued to say that each state can treat their juveniles different. That is why you have age of a majority, whether it's in Nebraska where it's 19, or other states where it's 16. If you look at the UCCJEA, Uniform Custody Child Care Custody Enforcement Act, that (INAUDIBLE) around family law, if a kid comes to Nebraska and let's say they got divorced somewhere else, in Iowa, they come to Nebraska and live here for six months and they petition the court to modify their divorce decree. If they live here for six months, Nebraska laws govern that kid. That's federal law. And you also have the same thing for child support, you also have the same thing for other things around family law and juvenile law, because they have said each state has a interest in their kid. That's why you can terminate a

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parental right in Nebraska that is different than Iowa, that is different than Minnesota, because federally, the courts and Congress has said we are staying out of the business of trying to dictate what happens to juveniles in your state. This is truly a policy decision. And it's a policy decision that I wish we didn't have at 8:48 at night. But what had happened in this case is the Supreme Court said, OK, Legislature, you were unclear. We think you meant this. But if you go look back at the legislative history, they specifically said, and I say "they," that means this body, that there are certain crimes that will go on a sex registry and we are excluding juveniles, which is kosher under federal law. Because we have our own interest right-- or interest in juveniles. That is a state obligation. That's why we have child enforcement. That's why we have child support systems that run through the state that if you're on Medicaid, we go find people, your guardians to help pay for that. That's why we have the ability to terminate. That's why we have a foster care system. Because the state has an interest in juveniles. Here is the facts: the facts are many states allow you to petition off of their local registry if you are a juvenile. Some of them allow you to automatically get off, if you're a juvenile. Some of them, like Nebraska, say if you're a juvenile, you don't get to be on. The only consistency is through Senator McCollister's bill saying we are going to treat every juvenile in Nebraska the same. Now, if you want to change that, if you believe that a person who commits whatever crime should be on a registry, whether it's a secret one, whether it's a juvenile one, that is a bill for next year to debate. But what is clear, is this body has already spoke over the years and said if you are a juvenile, you are not on the registry. It is the Supreme Court who said we don't know what to do because there is a private registry in Minnesota. But the kid who comes from Arizona doesn't have a registry, so it doesn't matter. But since there is this private one, we don't know, so we're going to err on the side of let's put him on. That is a policy decision that our Supreme Court made because it was in front of them. We are saying, no, our body has already spoken, that if you are a Nebraska juvenile, that means if you live in the state, we are going to treat you the same. Otherwise, we are going to have a hodgepodge--

FOLEY: One minute.

WAYNE: --of whether you live in Iowa, Minnesota; whether you can petition off, whether you can't petition off. And the federal and Congress all said, we don't want to do that. If a kid lives in your state for six months in family law, Nebraska law governs. Underneath this situation, if you come to the state within three days, you have to let people know you're here. That's fine. But then how do you treat that kid? It's a policy decision we all have to make. And I will tell you, this body has already spoke. And if you want to change that, you don't do it through an amendment by saying we're going to allow kids inconsistently to be on a list. We have to make a decision on that in a regular bill saying, no, we think kids should be on a list or kids shouldn't be. But we shouldn't do it an amendment that creates inconsistencies when people move here and treat kids differently. We have an interest in children and the courts and Congress is clear, it's our interest

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and this is truly a policy decision. So I would ask you to vote red on this amendment and if you want to change the list--

FOLEY: Time, Senator.

WAYNE: --let's bring the bill next year and have that policy discussion. Thank you, Mr. President.

FOLEY: Thank you, Senator Wayne. Senator Hilgers.

HILGERS: Thank you, Mr. President; good evening, again, colleagues. I want to clear a few things up, and I'm not sure how many are left in the queue, I'll probably close here in a second. Senator Wayne is right in a way. But he's wrong in a really important way. The policy decision has been made, colleagues, and it hasn't been and it ain't trying to be through this amendment. The policy decision was made when a previous legislature put into statute this differing system. If you're in Nebraska, adjudicated as a juvenile, you're not on the list. If you're on a list from another state and you move here, you're on the list. That is law. That is law now on the books. I am not changing law through my amendment. I am keeping the status quo. Now, when I started this argument, the thing that I said at the beginning was this has nothing to do with texting or sexting. That is-- the only reason this is on LB630 is because it was amended in at General File. These are two separate bills. From a practical effect, there are roughly 60 people or so that are currently on our list who are from out of state who are on the Nebraska list currently. I think most of those, if not nearly all, are currently adults, who if this bill were to pass, they no longer would be on the list. There are also, as a practical effect, would allow anyone who is on a registry at another state, if they were on that registry because adjudicated as a juvenile to move to Nebraska, they would not be on our list. Now, Senator Lathrop talks about the example in Minnesota about someone who is on sort of a private list or a secret list and no one really knows. But I'll tell you, that's not what happens in every state. And it isn't always an instance in which-- you know, it might be in other states where we don't think-- we might not agree that they should be on a list in Arizona, maybe the crime isn't what we would think would rise to the level where we want them on a list and they provide notice to Nebraskans. But there are a lot of people who we think should be on that list and we do want to have notice here in Nebraska. We do want to have notice. And as practical effect, we will no longer have that notice. This is not a change in law. The change in law would occur if my amendment is defeated and LB630 becomes law. That would change Nebraska state law. I just want to be very clear about that. Now, I don't-- the question from Senator Hilkemann to Senator Lathrop about being a sanctuary city, I won't say that, because I think those terms are loaded, they're emotional, they can be used as a pejorative. I don't want to use that type of a motive argument here. So I will not say that it will create a sanctuary state here in Nebraska. But what I will say is that if you are on a list in another state

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for an aggravated sexual assault, by the way which is the federal standard, which isn't good, and we think it's important for people to have notice and you move to Nebraska, you will no longer have notice if this bill passes without my amendment. That's the practical reality of what this bill will do if it's not amended. Let me be very clear about that. This isn't a change in law. The change in law would occur if this bill passes unamended. Mr. President, how many people are in the queue?

FOLEY: Just one.

HILGERS: OK. I have my close left. I don't think-- how much time do I have left?

FOLEY: 1:45.

HILGERS: The only other point-- and I appreciate Senator Chambers raising this point, 'cause I think it is worth clarifying. There is no-- there were two court cases that had some disagreement, but it's really important. In some other context, courts can disagree and then we don't know what the answer is. In this context, the one court that matters, the one court that matters is the Nebraska Supreme Court and it spoke. And it said-- it interpreted our law the way that it was drafted. And if you're on a list somewhere else, you're here. So there is no confusion today. The law is clear. The Supreme Court has spoken. The Legislature has put this into statute. This is what we have. We will be changing it if the bill passes unamended. Thank you, Mr. President.

FOLEY: Thank you, Senator Hilgers. Senator Pansing Brooks.

PANSING BROOKS: Thank you, Mr. Lieutenant Governor. First off, colleagues, kids screw up. That is for sure. We have worked and worked over the past five years to try to protect Nebraska's children, to protect them from themselves, to protect them because they have the inability to find their requisite intent to be able to be found guilty in some of the same circumstances that adults are found guilty. Senator Hilgers says that this isn't going to change the law. What the law is right now is that children under 14 that are adjudicated in a juvenile court in Nebraska do not have to register. Then they move to Iowa and their laws say pursuant to the adjudication that occurred in Nebraska, those kids do have to register. Then that same Nebraska kid that moved to Iowa, moves back to Nebraska. Guess what happens? They then have to register because they were registered in Iowa. Now, if you think that makes sense for the exact same act, I don't think it makes sense. It isn't part of what we're trying to do. We are trying to stop the school to prison pipeline. We are trying to stop the inability of our kids to get jobs, to get housing, to get scholarships, to go to college. Remember all of that work? That's what we've been trying to do. And now we're going to say, oh, too bad, Nebraska family, you moved to Iowa for a little bit, come back here. You had to register under Iowa, now you have to register here. That makes no

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sense. So the Supreme Court ruled and said, here is what the Nebraska law states. Senator McCollister decided, wisely, we'd better fix that glitch in this law. And it's easy to say, oh, my gosh, we're going to become a big safe haven on this. We aren't the only state. And I cannot believe that we're having this argument right now. Again, what this law will allow to happen is a child is adjudicated who is age 14 or above. And the comments by Senator Hilgers are, oh, these are going to be aggravated assaults and we're going to have the safe haven. The aggravated assaults will be charged in adult court. So then we have this child adjudicated who does not have to go-- does not have to register. They move to Iowa and they move back and they don't have to register, 'cause they didn't have to register originally. Why should a Nebraska kid, who was adjudicated under Nebraska law, moved to Iowa, and all of a sudden have to come back here and be subject to the rules of Iowa? That makes no sense, clearly. So I hope that you will vote down Senator Hilgers' amendment, AM1923. I hope that you will move forward on LB630, and that we will continue to do the good work of this body to help protect the children in our state of Nebraska. And understand that we've been fighting for the trafficking issues for minors. Because, of course, a child cannot give consent to being trafficked. And we're talking in the same sort of sexual realm and the same inability of a child to understand fully--

FOLEY: One minute.

PANSING BROOKS: --the full ramifications of their acts and their decisions. So I would ask you to remember in your hearts when you were a child and remember the times that you screwed up. And but for the grace of God go you, or I. And I think that we need to stop here a second, recognize that the Supreme Court said our laws are inconsistent and Senator McCollister came forward and worked to fix this law. Thank you, Mr. Lieutenant Governor.

FOLEY: Thank you, Senator Pansing Brooks. Senator Hilgers, you're recognized to close.

HILGERS: Thank you, Mr. President. Good evening, again, colleagues. First, let me thank everyone for the debate, I appreciate the comments from everyone. I know we're on different sides of some of the other individuals who stood up and spoke on this particular bill, but I appreciate the conversations on the mike with Senator Chambers, Senator Lathrop, Senator McCollister, as well as our conversations that we've had off the mike. I do appreciate that. And I absolutely agree with Senator Wayne that I wish we were not having, what I think is a very important policy debate about our sex offender registry laws at 9:00 on a Wednesday evening. I don't think it does the issue justice. But we are where we are in the session and it is what it is. But let me just say this: Nebraska law is very clear. The Nebraska standard is very clear. If you're in state, you don't have to register. If you're out of state and you register you have to here. And there's a very important reason which it gives notice to Nebraskans. Now, you might be able to come up with some examples, and I don't disagree with Senator Pansing Brooks, that that

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example sounds-- boy, it sounds unreasonable. Boy, why would we have that? That sounds unreasonable, we shouldn't that have. And you could probably come up with other hypotheticals that might also sound similarly unreasonable, but I submit that we shouldn't get rid of the entire registry law for out-of-state individuals who move to the state based on those few examples. We are getting rid of a very critical and important notice requirement. Now, we might say, then there might be an opportunity with a bill next year to actually work through maybe a way to solve an issue where we're taking those folks who really shouldn't be on a registry while ensuring those that really should be are on a registry, because we don't know why those individuals-- why they weren't convicted in an adult court or not. We don't know how the law of Iowa works in that regard. No one's talked about the law of Alabama or Washington, we don't know that. But if we want to dissect that and understand exactly a more nuance approach, hey, I'm all for that. If we want to solve the problems Senator Pansing Brooks referenced, I'm all for that. But I submit that the solution being presented to us in LB630 is not a nuanced solution to a problem. What it does is, I think, creates a lot more problems, and it upends well over a decade of statutory law here in Nebraska. I don't think that's the right approach, I don't think that's the right approach. And for every example of someone where we could say, well, this, you know, young and dumb and they made a bad decision, totally agree, and I think that's draconian. But we can think of a lot of other examples, and I haven't gone on to those examples on the floor intentionally because I didn't want to make this about that type of emotional debate, but you can think of other examples where, boy, you really do want to have notice; you really do want to have notice. So, I would strongly urge that you vote green on AM1923. If it doesn't get on, I would strongly urge that you vote red on LB630. There's a case pending right now in federal court that's challenging the constitutionality of this difference, we'll get some resolution there. But I would urge you to keep the status quo and not make a, what I believe is a very significant, very significant change to the policy of this state at 9:00 at night on a Wednesday. With that, I would ask for a call of the house, a roll call vote in regular order, please.

FOLEY: Thank you, Senator Hilgers. There's been a request to place the house under call. The question is, shall the house go under call? Those in favor vote aye; those opposed vote nay. Record, please.

CLERK: 29 ayes, 1 nay to place the house under call.

FOLEY: Members, the house is under call. All senators please return to your desk and check in. The house is under call. All unauthorized personnel please leave the floor. The house is under call. All senators please return to your desk and check in. Senator Halloran, could you check in. All unexcused members are now present. The question for the body is adoption of AM1923. A roll call vote in regular order has been request. Mr. Clerk, please call the roll.

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CLERK: (Roll call vote taken.) 26 ayes, 14 nays, Mr. President.

FOLEY: AM1923 is adopted. I raise the call.

CLERK: I have nothing further on the bill.

FOLEY: Nothing further on the bill. Senator Slama for a motion.

SLAMA: Mr. President, I move that LB630 be advanced to E&R for engrossing.

FOLEY: Members, the motion to advance the bill, those in favor say aye. Those opposed say nay. LB630 advances. Our next bill is LB519, Mr. Clerk.

CLERK: Senator, LB519, I have E&R amendments.

FOLEY: Senator Slama;

SLAMA: Mr. President, I move that the E&R amendments to LB519 be adopted.

FOLEY: Motion is to adopt the E&R amendments. Those in favor say aye. Those opposed say nay. The E&R amendments are adopted.

CLERK: I have nothing further on the bill.

FOLEY: Senator Slama.

SLAMA: Mr. President, I move that LB519 be advanced to E&R for engrossing.

FOLEY: Members, the motion is to advance the bill. Those in favor say aye. Those opposed say nay. LB519 advances. Next bill is LB462. Mr. Clerk.

CLERK: Mr. President, LB462. Senator, I have E&R amendments first of all.

FOLEY: Senator Slama.

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SLAMA: Mr. President, I move that the E&R amendments to LB462 be adopted.

FOLEY: It's a debatable motion. Senator Cavanaugh.

CAVANAUGH: Thank you, Mr. President. I'd like to ask if Senator Hilgers would yield to a question.

FOLEY: Senator Hilgers, would you yield, please?

HILGERS: Yes.

CAVANAUGH: Senator Hilgers, on this bill, did you and I work on some compromise amendments?

HILGERS: We did.

CAVANAUGH: And you're aware that there's a section of this bill that I am still unhappy with.

HILGERS: Yes.

CAVANAUGH: But I did not offer what would be consider a hostile amendment to this bill.

HILGERS: You did not.

CAVANAUGH: And I am not going to do that now either. And I bring that up because we just voted on a hostile amendment and it's 9:00 on a Wednesday, and I think that we're maybe rushing through things and filibustering things without a lot of thought or consideration to what we've just done. And what we just did two bills ago, because we got through LB519, thankfully, quickly, is that we made it so that children from other states that relocate here will remain on a registry. So, your 14-year-old grandson who lives in Colorado sends his girlfriend a picture and then he comes here for college and he's on the sex offender registry because he did that in Colorado and it's not something that we consider a child pornography offense here in Nebraska. So just so you all understand, because I don't think people understood exactly what they were doing, because there was a lot of lawyer talking, a lot of lawyer talking, a lot of hand gesturing and circular motions and gravitas. And what we just did is say that if your child, grandchild, whoever lives out of state sends their girlfriend or their boyfriend a picture and they're a minor, when they come here for college, because they love to be by their grandparents, that they're

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going to be on a sex offender registry for child pornography. So I guess we, as a body, just keep chugging along on being disappointing today. Thank you very much.

FOLEY: Thank you, Senator Cavanaugh. Senator Chambers.

CHAMBERS: Mr. President, members of the Legislature, I've been talking about this, and I'm disgusted when this body lets the Attorney General and the prosecutors come in here at last minute and hijack this system. And you all can alibi, you can rationalize all you want to, but when somebody has a bill and they tell me that the Attorney General and the prosecutors are involved, I'm going to ask the introducer of that bill, are we to let them take over this body? That's what's happening. You all are gutless. That's what it is. And that Attorney General knows it. Then he'll send some trash amendment over here, and to try to accommodate him, the introducer will take that trash amendment. But since the introducer is going with it, I won't fight it. But I will make my comment. I've seen it too many years. You all need more people like me in this Legislature to show that this is a branch of government and it's not going to be ruled by the Governor or the Attorney General or even the judges. If they're making a decision from the bench that's one thing, but to come over here, which the courts have not done, that I'm aware of, and at the last minute say, hey, change this and we change it. There are a lot of cross currents, swirling currents, and contradictory currents that are developing this session. I talked to the Speaker and we reached an accord, and I'll stick by it. I'm through with that. If I decide that I'm going to derail the session, that's what I'm going to do. You let the Attorney General do it. And I'm shocked that Senator Wishart went for the okey-doke. I stuck with what she tried to do because I believe in it on medical cannabis. And even if she would have backed off, I would not have. Because my opinion would not change because of what the Attorney General, of all people. Now, that is the sucker, and I know what word I said. A dope dealer, somebody engaged in the procurement of illegal drugs is a sucker. And that's what your Attorney General did. He tried to import illegal drugs into this state so they could execute somebody, and he was getting it from a drug dealer in another country. Then he can come in here, and he is morally superior. And now that the argument is over, I wish Senator Hilgers had not done what he did. But I cannot make a strong person out of a jelly fish. I cannot make a backbone out of an overripe banana. Water cannot rise above its level, and I'm seeing what the level of various members on this floor are. The rest of the days of this session are going to indeed be interesting. They had 24 votes up there. Then two people switched for the Attorney General. That's the way I see it. What has the Attorney General got on you? The prosecutors. You think they're going to change because you give them an argument they'll tell you where to go. I don't have to listen to you--

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CHAMBERS: --because I'll control that Legislature, then you buckle. There is nothing remaining in this legislative session in which I feel I have a stake, so I'm going to do what I feel like doing on whim. Thank you, Mr. President.

FOLEY: Senator Chambers, did you finish?

CHAMBERS: I'm through. Thank you.

FOLEY: Thank you, Senator Chambers. Senator Cavanaugh.

CAVANAUGH: Thank you, Mr. President. New phone technology has familiar ring. This is from October 12, 1988. It is an article from, I believe, the World-Herald written by Kate Cavanaugh: Until I was about 10 years old, we didn't have dial phones. It wasn't quite like it was on Lassie. We didn't crank the phone up and say, Jenny, give me the general store. We were much more cosmopolitan. There was a telephone in the next town filled with operators who would say: number, please, when you picked up the phone. I would say either 3854, which was my friend, Catherine's, number; 2398, which was Mona and Pam's number, they lived kitty-corner to us; or 4048M2, which was Cyndi's number, and her family lived out in the country so they had to have a party line. Then one day everything was switched to dial phones. We got a dial tone and prefix added to our number. Ours was Juneau 4. We thought it was a real dumb name. Why couldn't it have been something more fashionable, something like magnolia 3 or chantilly 5. Best of all was the rotary dialing. We took turns holding the receiving button down and practicing dialing numbers. Coming back to 1988, people have pleaded with us to do something about the phone. I was always hearing, a family the size of yours with only one phone line coming into your house with a call-waiting button anywhere to be pressed is impossible to call. The line is always busy. I hesitated to make the change. All that beeping and interpreting whenever I spoke to other people who had call waiting made me nervous. I always wanted to end my conversation in the middle of a three-syllable word and let the party go on to another-- answer the other call from someone who might be important. I didn't think I got enough important calls to warrant having an extra line busting into my conversation all the time. What if I had a call waiting and I finally was having an important conversation. Maybe it would be from the sweepstakes person telling me where to pick up my prize money, when in the middle of this directions the phone would beep and a little voice would come in on-- asking for a three-year-old Pete. Those notions are gone now. Not only have I sunk into the mode of telephoning, I have succumbed even further, we also got a teen line. The day I realized it was time to plug into telephone expansion, I couldn't use the phone to place the order, I was waiting for a call, so I couldn't make the call because I didn't want to tie up the line. Several other people in the house also wanted to make calls, but I wouldn't let them. This meant the line was open to our house and friends were keeping it warm. However, I was telling them to keep it short, real short. All they were allowed to say was, I can't

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talk now, my mom is waiting for a call. A few seconds later another friend would call as the kids' popularity seemed to be escalating. My policies popularity was rapidly deescalating. The next morning I ordered a teen line which comes with a call waiting and three-way calling and call waiting for my own phone. The family was jubilant and quickly called their friends with the good news. Then they all had advice as to where the new teen line phone jacks should be installed. These suggestions all surrounded around the same: put it in my room. That decision was eliminated when the telephone man came. Your house is already wired for two lines. If you would like, I can easily hook up your second line in all your existing phone jacks and then you'd have two lines throughout the house.

FOLEY: One minute.

CAVANAUGH: Thank you. That's a great idea. What about phones? You'll have to get different phones with the two lines in order to use the second line. That's what we did, but so far I have only purchased one extra phone, and it is in the kitchen. It's not a convenient place to carry on a conversation, Colleen has informed me; that's my oldest sister. Thought this was a fun, little article that my mom wrote about telephones, which this bill deals with, and a good pause in the high anxiety that is currently happening in this room. I have put in a motion to recommit this bill to committee. I will be taking three hours on this bill to discuss maybe my family history, if anybody else has things they want to talk about, we want to talk about taxes, we want to talk about children, we want to talk about welfare, feel free. We've got the next three hours. Thank you.

FOLEY: Thank you, Senator Cavanaugh. Senator Wayne.

WAYNE: Thank you, Mr. Speaker, Mr. President. I guess I first want to say, it wasn't just Senator Wishart who changed her mind. I did too. While I don't like the underlying policy of Hilgers' bill, at the end of the day, I had to make a decision between tens of thousands of kids who sent pictures versus 40-60 who are on a list. And I'm going to stand by that decision to make sure that the underlying bill moves forward. I guess where I'm at in this body is, this is the second night there's been a tough bill, a tough vote, and I know it's late in the session, but we get personal, and we get upset. People have different strategic thinking. Let me go back yesterday to Senator Groene's bill and the pull motion. Go back and read LB147. Go look at the amendments attached. My IPP motion is first. So before Groene even gets to talk on that bill next year, we get an up or down vote on a IPP motion. After that, there are three other amendments that are mine. That is going to force Senator Groene and the people outside this Chamber, who are negotiating, back to the table. And I got up and I spoke that the number one issue for my community in education is the disparate treatment of-- discipline. And I'm going to force a conversation around discipline. So, yes, I cast that vote because I'm going to make sure that happens. That bill is now

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my bill in reference to Senator Chambers, how he takes over bills. While we continue to play checkers and have attitudes, I'm trying to play chess and move this body forward by looking at bigger pictures, bigger issues. And when I sat there and watched the names come down, and that's the benefit of being a W, and I look at 10,000 kids verses 60, you're right, I'm going to err on the side of helping 10,000 kids or more who, sending these text messages and pictures, and then coming back next year and having a one-on-one with Senator Hilgers on a bill that deals with that issue. That's what we do as a policymakers. So before everybody got upset last night, you should have read what's on the bill for Senator Groene. That bill goes nowhere, unless I'm at the table and we figure out. Because the vote count, nobody is really changing their votes, I looked at the vote count. But everybody got all upset. But that bill and that pull motion last night forced everybody back to the table, and we're going to have that bigger conversation about Senator Walz's bill, about Senator Vargas's bill that's in committee, about my bill, that all deal with discipline. He has a due process bill that deals with discipline, Senator Vargas does. We're going to force that conversation, and we're going to make sure they all come together. My point is, is we take votes, and these votes are tough. And all those stuck in the middle don't know what it's like to be Senator Albrecht or Senator Arch or Senator Blood, and you don't know what it's like to be Senator Wayne, Williams, and Wishart. Because when you do "reverse" and you do "regular," it comes down to us many times. And we have to make a quick decision at that point, greater good versus this. And I never backed away from my decision, and I stand by a decision that I made now. And if anybody's upset with me, come talk to me individually. Drop your attitude, drop the anger, and let's have an adult conversation and I will give you a rational of why I got there, and maybe you can or cannot accept it. But one thing is for sure is I will have a bill, or somebody close to me will have a bill dealing with the issue that McCollister was dealing with, and we'll deal with that. But when you start adding amendments and creating Christmas trees around bills, that's what happens.

FOLEY: One minute.

WAYNE: You have to pick and choose sometimes on bills. That's the reality we live in and that's what we got to do. So, it wasn't just Senator Wishart, I was there too. Because I made sure it wasn't one person standing alone, that we make sure we make a decision that's best for the most Nebraskans and the most children here. So if anybody has a conversation, come see me about yesterday or about today, and I can explain it to you again like I just did now why I stood by it. Because I had to make a decision between 60 kids and 10,000 kids because people are checked out, and we don't have 25 votes. That's the reality I had to make when you got to Stinner and I knew there wasn't enough votes. And I will make that decision every time I have to for the greater good of Nebraska. Thank you, Mr. President.

FOLEY: Thank you, Senator Wayne. Senator Cavanaugh.

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CAVANAUGH: Thank you, Mr. President. I would encourage everyone to take this time to read over the bill that we are voting on, since I don't think people really paid attention to it last time when I stood up here and spoke about the issues I had with it. So while you hopefully do that, I'm going to read about when my sister decided to have a cafe in my parents' house: Slow Service Steams the Customers at Cavanaugh Cafe. Everyone has his own agenda, I know I do. My Maureen, who is nine, certainly does. Most of the time her agenda is pretty free wheeling and easy to live with. Once in a while she gets an idea on how she would like things to be done, and boy, we had better do it her way. She had one of those ideas the other night. Our good friend, Molly, was over for a casual summer dinner. Also visiting for the day were two cousins, Molly and Ann. In preparation for the meal, I instructed Maureen, Machaela, and Ann to set the table on the screened porch. They did this and a few minutes later Maureen appeared in the kitchen with some paper and a pen. What are we having for dinner, she asked. After I listed off the proposed courses, she asked Molly to write everything down for her because she couldn't spell marinated vegetables. First write "entree" and then everything else. A few minutes later, John entered the kitchen carrying the meat he had cooked on the grill and we were ready to sit down and eat, or so I thought. As I called everyone to come from the porch for dinner, Maureen was running back and forth by the porch doors yelling to everyone that she wasn't ready. You're ruining everything, she said. See what's wrong with her, I told Colleen. After checking, Colleen came back and said she's mad because we didn't see her sign taped to the door that says, "wait to be seated." Oh well, everyone go back to the family room, I instructed. John, Molly, and I proceeded to get the food organized with the intention of fixing everyone's plates when we noticed Maureen throwing herself up and down on the couch. Maybe we better see what she wants, John suggested. We're trying to have a restaurant and nobody's cooperating, Maureen wailed. Kind of feels like the Legislature today. We can still do it if you stop carrying on and hurrying up before the food gets cold, I told her. Carrying on is one of my mom's favorite sayings. She calmed down long enough to finish writing her menus and then we all had to pretend that we were patrons at the Cavanaugh Cafe. When we arrived at her specified entrance, I said, we'd like a table for 12. Do you have a reservation, what's your name, Maureen asked. After I told her my name, she looked at her list, shook her head and said, I don't believe you have a reservation, we can't seat you. Then she looked at our guest and asked her name. When Molly told her, Maureen said, yes, your name is here. We're with her, I said. Her reservation is only for three, you can't all be with her, Maureen responded. [Laugh] Sorry, it's just very my sister. I was getting rather steamed up as I visualized the steam rising from our corn on the cob. What other names are on your list? We'll change ours. She read: Ali Sheedy. I'll be her, cousin Molly said. Katharine Hepburn. That's me, I said. Then she read names of members of a rock group who Johnny and Mike chose to be. I said, the rest of these people are our fans. Can we please sit down now? Of course, Maureen answered. Ann and Machaela, show our guests to the table. At last, I thought, we get to eat. But we didn't. First, we had to read the menu and then wait to be served. Once again, things didn't go as smoothly as Maureen thought it should. All the orders

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were different. We all wanted corn, but some wanted meat and no rice, some wanted rice and no meat. I just wanted to get out of there.

FOLEY: One minute.

CAVANAUGH: Thank you. Finally to my amazement, we all had plates of food in front of us, and just as I was congratulating myself for passing another test of motherhood, Maureen announced, for dessert we're having blueberry cobbler. I'll serve it as soon as I beat the whipping cream with the electric mixer, because of course, she hadn't made it yet. No longer did it seem like we were engaged in a young girl's creative endeavors, it seemed more like a plot to push me off the narrow edge I spend each day teetering on; as any mother can attest to. I said to Maureen, either you hire me as the pastry chef for the Cavanaugh Cafe and I fix the cobbler or we leave your establishment without leaving a tip. That was July 30, 1986.

FOLEY: Thank you, Senator Cavanaugh. Members, we're going to dispense with the E&R amendments and then move to a motion at the desk. Question for the body is adoption of the E&R amendments. Those in favor say aye. Those opposed say nay. The E&R amendments are adopted. Mr. Clerk.

CLERK: Senator Cavanaugh would move to recommit LB462 to committee.

FOLEY: Senator Cavanaugh, you're recognized to open on your motion.

CAVANAUGH: Thank you, Mr. President. Well, I'm not sure what people would like to hear next. On the back of this book, I will say, I know I shouldn't have props, there's a lovely picture of my mother with a huge stock of broccoli. And she used to say that that was the difference between her and George Bush is that she loves broccoli; and she really does, broccoli is an amazing vegetable. So many ways you can prepare it. So we'll just-- oh, this is a good one. This one goes out to Senator Quick. It's our sojourn to Grand Island. So, this is March 31, 1992; Trouble with Suburban Makes Trip an Adventure. Our trip to Grand Island was an adventure, but not for the reasons we expected. We were traveling to Grand Island for an overnight outing to see the Sandhill Cranes. Oh, Mr. President, do I have five minutes or ten minutes on this opening? Do I have five minutes or ten minutes?

FOLEY: Ten minutes.

CAVANAUGH: OK, thank you.

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FOLEY: 8:55 remaining.

CAVANAUGH: OK, thank you. We are traveling to Grand Island for an overnight outing to see the Sandhill Cranes and for a book signing to see-- for Pete Goes to Grand Island. It is a story about Pete going to see the Sandhill Cranes; Pete is my brother, which stop along the Platte River to rest up and feed before migrating north. In our entourage were 16 people: K.C. Kiner, the illustrator for all of our Pete books, two of her five children, seven of my eight children, my college helper, two of the kids' friends, my niece, my mother-in-law, and me. I was driving my Suburban and K.C. was driving her minivan. Both vehicles were packed with food, coolers, warm clothes for bird watching, boxes of books for the book signing, and boxes of blue-hooded sweatshirts silk screened with Pete flying to Grand Island on the back of a Sandhill Crane. At first, I thought the suspicious noise was coming from the kids in the backseat. But soon I realized it was coming from the engine. I hoped it would stop. When the "service engine soon" light went on, I knew I was in trouble. We chugged off the side of the interstate, steam was coming out from the hood and some green stuff was pouring out from the underside of the Suburban on to the shoulder of the road. K.C. went for help and returned with a tow truck and two mechanics who told us the problem was much more serious than the broken hose we were hoping it would be. They mumbled something about thrown rods and spun pistons. By the way, I had just had the Suburban serviced before setting off. In the middle of this gloomy scene, K.C.'s husband, Warren, with two of their daughters, drove by. They live in eastern Iowa now, and he had decided at the last minute to surprise K.C.. This was, I should say, is in 1992, so this was before cell phones, so it was very fortuitous that Warren was driving from Iowa across Nebraska. I felt the angels were watching out for us when he appeared. We arranged to have the Suburban towed to Omaha, then we transferred all the-- only the absolutely necessary stuff from the Suburban into the minivan. Warren, who was driving a small sports car, found some twine and tied some of the suitcases on to his trunk. Everybody put on your coat, someone suggested. They take up too much space. There were now 19 of us, but we managed to all get into the minivan and the sports car for the drive to the car rental place in Lincoln where we leased two cars for the rest of the trip. As far as I was concerned, there was no turning back, and we weren't leaving anyone behind. I didn't feel we were making the safest journey with everyone jammed into the minivan and sports car, although we drove very cautiously, but I felt a lot safer than I did when we were stranded alongside the interstate with huge trucks barreling past us. Eventually, we made it to Grand Island and joined the rest of our group who already had arrived in time to see the sunset on the Platte River when all the Sandhill Cranes came back to the river to roost for the night. In the morning we saw the cranes lift off from the river at sun rise. And just like Pete said in the book: It was awesome. So, for those of you in the room who have never gone to Grand Island for the migration of the whopping cranes, I highly recommend it. It is a spectacular event. It is beautiful and really something very unique to Nebraska that we are able to have. And I will say to Senator Quick that the digs for watching the birds take off have vastly improved since the 1990s. We used to go out there for spring break every year and we'd have to sit in a shutter; and I

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can tell you, what nine year old doesn't want to get up at 5:00 a.m. on their spring break, go through a dark field, sit in a dark shutter in the cold and wait for birds to wake up. I'm sure I was a delight to my parents then. But now they have shutters that are heated and glass windows and they're quite lovely, and it's a very nice family vacation to take, which I encourage people to do. So we're still on LB462, which is the one-call bill, which has amended into Senator Hilgers' bill, which rolls back some of the consumer protections for those of you in rural Nebraska, for your citizens who have landlines. So again, I would encourage you to take this time to read what this bill actually does before you push your green light again. And I appreciate Senator Wayne's remarks about his votes; and I don't have an issue with how anybody votes. You vote how you think you should vote, and I vote how I think I should vote. I'm disappointed in having these hostile amendments that get to be put on to people's bills and then there's other amendments that we don't even discuss. There's amendments on other people's bills that we also think would make the bills better; that we also think would be strong public policy. But we don't even get to those amendments. And it's exhausting to sit here and watch how that unfolds and the attitude when you're on the losing side of that, when you're normally on the winning side, and how you treat your colleagues. And I've seen a lot, this Legislature, of colleagues who are used to being on the winning side, who are used to getting their way on amendments and on how our legislation is moving through, and so when you're not, you do things like filibuster the budget because you didn't think it was fair that we didn't hear one of the amendments because you thought the amendment was important. But there-- every amendment is important to the person that brings that amendment. And if your intention is to kill a bill, then be upfront about it. I've never wanted to kill Senator Briese's bills. I've brought amendments to his bills, because I'm passionate about what those amendments would do. I never bring silly, frivolous amendments. This is the first time I've ever brought an amendment to recommit because I really don't have anything else to do to this bill. I don't want to do anything to this bill besides take time on it. And the only reason I want to take time on this bill is because I want us to pause, because I'm the only one in this entire body that has a problem with this bill, so I know that I can't kill it. I mean, I can vote red, but that doesn't-- that's not going to kill this bill. And so it's a good time for us to pause, to take a moment, to take a beat in the day to look at what else is on the agenda, to try and be more thoughtful and collegial in our interactions here. And don't just bring hostile amendments to bring them. And I'm not saying that directed at Senator Hilgers, 'cause I know that he worked hard on this amendment. I don't agree with his amendment, but I understand that he did the work on it. But if you're going to bring an amendment, it should be something that you care about. And if you're going to filibuster, it should be with purpose and reason. It shouldn't be just to be childish. And I'm only taking this time, and nobody else is taking any time, so we're going to-- I'm not going to put more amendments up here, I'm not going to take the full three hours--

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CAVANAUGH: Thank you. --because I think if you all wanted to take the full three hours, you'd jump in and talk too. So, I'm not going to do that. I'm going to take my turns and if other people want to take turns, they're welcome too, and then we'll move on with our evening. So, with that I will take a sip of water and come back for my next turn. Thanks.

FOLEY: Thanks, Senator Cavanaugh. Senator Friesen.

FRIESEN: Thank you, Mr. President. I would urge you to vote against the motion to recommit. And I do have an amendment coming and I'll just talk about that now. So, I have AM1909 and it makes two small changes to LB462. First is the amendment, it deletes a portion of a formally-defined term that was stricken in the committee amendment. This was a good catch by the Bill Drafters Office. And second, the amendment clarifies that the notification requirements to subscribers of wire line telecommunication services for rate increases only applies to basic local exchange service. And so, again, all of the consumer protection is still in place; the PSC will still be regulating performance and those types of things. With that I urge you to, when you see the amendment come up, I'd urge you to vote green on that. Thank you, Mr. President.

FOLEY: Thank you, Senator Friesen. Senator Erdman.

ERDMAN: Question.

FOLEY: Out of order. Senator Cavanaugh, you're recognized.

CAVANAUGH: Thank you. So I'm going to circumvent Senator Blood, because people behind me are asking what I don't like about the bill. So, I will reiterate my comments from when this was on General and when this was in committee. The first part of the bill, LB462, is a one-call bill. And it, and again to the credit of my colleagues on the committee, they did make some changes to make the bill better. But what it does is allows the one-call board to propagate rules and regulations to the Fire Marshals. And we did make the change so that it isn't a requirement of the Fire Marshal, which is a state agency, to adopt those rules and regs, so now it is more of a suggestion than a requirement. Both the one-call board and the Fire Marshal's board do not like this bill. And so I don't see a reason to be putting-- moving forward legislation that the two entities that are impacted by it don't like it. I feel like it's something if it were necessary we could work on it further and find a solution, but it seems like not something we need to be doing right now. The second part of this bill is Senator Hilgers' bill which changes the notification process and the public hearing process for rate changes for telecommunications. And so what this does, and if you look at the bill as amended, it takes-- and you can just go to the last page of the bill, everybody, go to the last page of the bill as amended, LB462, and it just strikes a whole bunch of stuff out, including the PSC's authority. But, again, to Senator Hilgers' credit and to the lobby's

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credit, we did reinstate that there's a 60-day notice. There's no public hearing, but there's a 60-day notice instead of the initial 10-day notice. So there is still that opportunity for people to seek some sort of action if their rates are increased. The PSC has less authority. And this bill that we're stripping back, is based on a strip back of regulations that we implemented in the '80s. So we are, over time, stripping back our regulations of this industry. Part of the argument for stripping back the regulations is parity with our wireless and broadband. We cannot regulate wireless and broadband because of federal regulations, because those industries have great lobbyists at the federal level, so we cannot regulate them the same as we regulate our telecommunications industry. I agree that we should have parity in how they are regulated. But that parity shouldn't come at the cost of the consumers. The parity should be, here's where telecommunications are, here's where wireless is, we should be bringing them closer here, not bringing them down here. So that is my problem with the bill. But there have been some fixes made to the bill and I appreciate the work that they have done to it. I don't see any need to move this bill forward, but I also have worked with my colleagues on it so that it is something that is not as detrimental as I think it could be, or it originally was, and so because it's what I believe we should be doing as legislators is working with our colleagues and getting to a place where we can live with something, and this is something I can live with.

FOLEY: One minute.

CAVANAUGH: Not vote for. Time did you say? Time?

FOLEY: One minute.

CAVANAUGH: OK. This is something that we can-- that I can't vote for, but I can live with, which is a great, I think, maybe teaching moment in today's Legislature. Today, I mean today is a moment in time, not modern times. Today's legislature, a teaching moment, this is a bill that I don't like, but I'm not going to kill it. I worked with my colleagues. They made it so it's something that I dislike less, and so I'm going to just like not vote for it and that's it. That's how these things should work, everybody, because I like my colleagues, I like Senator Friesen, I like Senator Hilgers, I like my Transportation Committee, and I appreciate the work that Tip O'Neill did on this. He's a great legal counsel. Thanks, Tip, for making those changes. So, yeah, that's probably my time on this one. Thanks.

FOLEY: Thanks, Senator Cavanaugh. Senator Blood.

BLOOD: Thank you, Mr. President. I stand today against Senator Cavanaugh's recommit to committee, but in favor of the underlying bill. With that I would ask that Senator Cavanaugh yield to a question.

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FOLEY: Senator Cavanaugh, will you yield, please?

CAVANAUGH: Yes.

BLOOD: Senator Cavanaugh, first of all thank you for the fun story.

CAVANAUGH: You're welcome.

BLOOD: Nighttime is apparently the time for a bedtime story.

CAVANAUGH: Sure.

BLOOD: Second of all, I listened very closely to your explanation as to the concerns you still have with the underlying bill. And if you could change any additional items that would make you support this bill, what would that be?

CAVANAUGH: Well,--

BLOOD: And I respect the fact that you already said you're likely to just vote no, but I'm curious.

CAVANAUGH: Well, the first part of the bill, LB462, I just don't see it as necessary. I just have a different philosophy about public policy and putting things into statute that don't necessarily need to happen. It's not detrimental if we don't do it. It doesn't fix a problem that exists. So it's just kind of, in my mind, gunking up the statutes.

BLOOD: All right, fair enough.

CAVANAUGH: The second part of the bill, if the last page were completely reinstated, then I would be fine with it.

BLOOD: Really?

CAVANAUGH: Yeah.

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BLOOD: So if someone were to bring an amendment forward that did that specifically, would there be a 50/50 shot then, because there sounds like there's two main issues with it, (INAUDIBLE)?

CAVANAUGH: Yeah, there's two main issues, which is why I just will be not voting on it.

BLOOD: All right. Can I ask why you didn't offer those amendments instead of--

CAVANAUGH: Because I knew that they were counter to the intention of my colleagues who brought the bill, and it was counter to what they were trying to achieve. And they made amendments that made this something that, in my mind, was a better, stronger public policy that, like I said, I can live with it. I'm not like going to vote for it, but it doesn't do the damage that I think it did in the state that it was in prior.

BLOOD: So if I hear you correctly now, and I hear you correctly with the previous comments, that you want to express your protest against this bill in a way that's actually polite, yet gets people's attention, and that you feel that you will stand your ground right now regardless because you feel that they've done a very good job of trying to accommodate you.

CAVANAUGH: Yes.

BLOOD: And that your intent is not to make this an all-night thing.

CAVANAUGH: That is all correct. I don't want to take your time if you'd like me to expand.

BLOOD: My time is for you right now, Senator Cavanaugh.

CAVANAUGH: So, yes, I hope that I've been polite in this process with Senator Friesen and Senator Hilgers. I have a great deal of respect for them, and I have a great deal of respect for anyone who brings their bills to the floor that I don't want to just be malicious and kill somebody's bill. I also gave them my word. They made these changes, and I told them that if those changes were made I couldn't vote for the bill, but I wouldn't try to kill the bill. And I am not trying to kill the bill today.

BLOOD: Fair enough.

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CAVANAUGH: I'm trying to get the body to take a beat, which it seems like everybody is, it seems like we're a little bit more relaxed right now, like we're kind of chilling out, maybe I'll read one more Kate Cavanaugh story.

BLOOD: And I do have one more question for you before I run out of time.

CAVANAUGH: Yeah.

BLOOD: Would you say that breast-feeding is a pro-woman, pro-science topic?

CAVANAUGH: Yes, it's a pro-woman, pro-science topic. It's definitely pro-woman, and there is a lot of scientific research behind breastfeeding and what it does for both women and babies. I would just-- one caveat is that every woman should do what's right for her. And breastfeeding isn't right for everyone. But yes, it is pro-woman and pro-science.

BLOOD: Right. It's not necessarily right for every mother, but it's right for every child.

CAVANAUGH: There you go.

BLOOD: And I appreciate your time because we'll be addressing more of that in the future. Thank you.

FOLEY: One minute.

CAVANAUGH: Thank you.

BLOOD: I would give the rest of my time back to (INAUDIBLE).

FOLEY: Thank you, Senator Blood and Senator Cavanaugh. Senator Cavanaugh, you're next in the queue.

CAVANAUGH: Thank you, Mr. President.

FOLEY: This is your third opportunity, Senator.

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CAVANAUGH: My third? OK. Well, folks, this is it, five minutes and then you can get back to whatever is next on the agenda. We can move forward with Senator Friesen's bill, I think we've got. Senator DeBoer's bill that we've all voted on for her birthday. So, I'm hoping that we all vote on it again, because her birthday was just a couple days ago, so we should-- least we should forget. So I'm skipping to, what is it? May, we're in May now. This book is done by calendar, so I can go to May: Turtle Proves Times Change, Toys Mutate. Oh, yeah, my brothers had a real thing about Teenage Mutant Ninja Turtles. Let's see here. It's about mopping. Do I make myself clear? Here, this one's perfect: What's the Topic? I Forget, that's the name of this one. As I was driving, I got an idea to write my next column about forgetting. I dismissed the idea after a couple blocks because I didn't think I had enough to develop a column and I couldn't think of any other recent situation in which forgetting about something could be used as an anecdote. However, it's very possible that I've forgotten something and I didn't even know about it. For example, what if I'm a royal lineage in some obscure country and I won't remember until I get a decree that I'm next in line to the throne. Very likely, mom. Or what if I forget I once worked as a hootchy-kootchy dancer in a burlesque house? That is actually more likely. And I forgot that all the sequined costumes in the back of the closet are not my daughter's dance recitals, but from my former job. I won't recall that job until I find a faded news clipping recounting my arrest by the vice squad lining up the bottom of my lingerie drawer. Far-fetched you say? Why not? Stuff such as that happens every day on soap operas. Those people are really forgetful. I won't rule out either of the above situations as possibilities of something I've forgotten. But since I couldn't remember if I forgot them, it didn't make sense to write about them. So I decided to write about something else, but now I've forgotten what that was. My drive was to church to hear Pete read in the school mass. There was little chance that I would forget to be there since he reminded me hourly the evening before. But during the mass, perhaps in a bolt of divine guidance, I remembered that I was supposed to be at Matt's preschool in an hour to read my books. I was so relieved that I remembered then instead of later after I had forgotten. I always get this feeling of intense gratitude when I remember something that I was supposed to do before it's too late and it goes into the "I forgot file." Which I think maybe I've gone into the "I forgot file" sometimes when they forgot to pick me up. But I digress. Sometimes, though, I wish I would forget things. It would be an explanation for not doing things that I don't want to do. It would be embarrassing to have to admit you forgot, but it's better than feeling guilty or blowing something off, but I never forgot to do those things. I try, but there's always an annoying reminder nagging at the back of my brain that doesn't let me off the hook. Sometimes I remember and forget something several times in the space of a couple minutes. Sometimes I'll answer the phone in my bedroom listening carefully to what the caller has to say, and even make comments or suggestions and then hang up the phone and completely forget all about the conversation by the time I walk down the stairs. It's maddening when I go into a room for a reason and then forget why I'm there. I made half a turkey sandwich in the kitchen and walked back to my den and continued my vacuuming while I was eating it; someone was coming over in 10 minutes and I needed to get

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the place cleaned up in a hurry. I finished eating the half sandwich and the vacuuming and decided I was still hungry, so I went to the kitchen to--

FOLEY: One minute.

CAVANAUGH: Thank you. --make the other half. In the meantime the phone rang, I wiped off the counter, read a pizza advertisement, and looked at pictures from my daughter's field day before I thought about the second half of the sandwich again. Then I couldn't remember if I had already made and eaten the sandwich or I hadn't. I couldn't tell if I was still hungry or not. Did I make another half a sandwich just in case I hadn't before and I was still hungry? I tell you I knew, but I forgot; May 12, 1992. With that I would like to withdraw my motion to recommit to committee.

FOLEY: Thank you, Senator Cavanaugh. The motion is withdrawn. Mr. Clerk.

CLERK: Mr. President, Senator Friesen would move to amend the bill with AM1909.

FOLEY: Senator Friesen, you're recognized to open on your amendment.

FRIESEN: Thank you, Mr. President. I talked about the amendment earlier. And again, this bill, it started out with a numerous things in the one-call bill, the 811 service that we have. And we have taken most of the controversial things, really, out of it. We're going to work on it this summer. Senator Hilgers did have a part that dealt with CenturyLink, their regulation. But again, the amendment that I'm offering is just cleanup language that the Bill Drafters found and some changes we needed to make. With that, I urge you to vote green on AM1909 and LB462.

FOLEY: Thank you, Senator Friesen. Discussion on the amendment. I see none. Senator Friesen, you're recognized to close on your amendment. He waives closing. The question for the body is the adoption of AM1909. Those in favor vote aye; those opposed vote nay. Record please.

CLERK: 34 ayes, 0 nays to adopt Senator Friesen's amendment.

FOLEY: AM1909 is adopted. Is there anything further on the bill, Mr. Clerk?

CLERK: Nothing further.

FOLEY: Senator Slama.

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SLAMA: Mr. President, I move that LB462 be advanced to E&R for engrossing.

FOLEY: Members, you heard the motion to advance the bill. Those in favor say aye. Those opposed say nay. LB462 advances. We'll proceed to LB680. Mr. Clerk.

CLERK: LB680 does have E&R amendments, Senator.

FOLEY: Senator Slama.

SLAMA: Mr. President, I move that the E&R amendments to LB680 be adopted.

FOLEY: The motion is to adopt the E&R amendments. Those in favor say aye. Those opposed say nay. The E&R amendments are adopted. Mr. Clerk.

CLERK: Nothing further on the bill, Senator.

FOLEY: Senator Slama.

SLAMA: Mr. President, I move that LB680 be advanced to E&R for engrossing.

FOLEY: You've heard the motion to advance the bill. Those in favor say aye. Those opposed say nay. LB680 advances. LB397, Mr. Clerk.

CLERK: LB397 has E&R amendments first of all.

FOLEY: Senator Slama.

SLAMA: Mr. President, I move that the E&R amendments to LB397 be adopted.

FOLEY: The motion is to adopt the E&R amendments. Those in favor say aye. Those opposed say nay. The E&R amendments are adopted. Mr. Clerk.

CLERK: Senator Briese would move to amend AM1950.

FOLEY: Senator Briese, you're recognized to open on AM1950.

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BRIESE: Thank you, Mr. President. I rise this evening to introduce AM1950 to LB397. All this amendment does is replace the current electronic nicotine delivery system, or ENDS, definition language in Section 2 of LB397 by reverting back to the original definition used in the green copy of LB397. Yesterday we passed LB397 with AM1828. AM1828 amended two sections of LB397, one of which was to change the ENDS definition. The earlier change in the ENDS definition was a result of a compromise with public health advocates concerned that these products are being used with substances that are not nicotine or tobacco, but still harmful to public health. That amendment compromised that language by simply including the device itself and the licensing requirement in tobacco statutes, so we know where these devices are being sold and that under-aged kids cannot buy the device and obtain the tobacco elsewhere. Instead, they simply would not be allowed to even obtain the device. The body passed AM1828 yesterday and advanced LB397. But yesterday, LB149 which also came through the General Affairs Committee and dealt with some of the same statutory provision in language similar to LB397 was also discussed, along with an amendment that would match the updated ENDS definition of LB397 to ensure that the statutory language of LB397 and LB149 are not in direct conflict with each other. However, after concerns were brought up by Senator Wayne and others on the ENDS definition change, the body failed to advance the amendment to LB149. Therefore, to help address concerns expressed by members of the body and to ensure that there is clarity and consistency between the wording of the ENDS language in LB397 and LB149, I bring this amendment to amend LB397's definition back to its original state and match it with the current definition found in LB149. If AM1950 is adopted, any component, part, or accessory of such a product or device that is used during operation of the product would not fall under the ENDS definition if the device is not sold in combination with a substance containing nicotine, tobacco, or tobacco derivatives as described in the amendments and original version of LB397. I thank those who worked on the previous compromise amendment, but appreciate and recognize essentially the voice of this body yesterday on the vote on this language in LB149, and in an effort to address the body's concerns and remain consistent with the language in LB149 I urge your green vote on AM1950. And again, LB397 is an important bill that updates our tobacco and nicotine laws and protects Nebraska's MSA funding. And I ask for your support of this amendment and LB397. Thank you, Mr. President.

FOLEY: Thank you, Senator Briese. Debate is open on the amendment. Senator Wayne.

WAYNE: Thank you, Mr. President. Thank you. I just want to make a brief comment because I've been kind of dealing with the definition issue, and people have been looking to me to be consistent on this. And so, I want to thank Senator Briese and Senator Quick for working out an agreement with this amendment that also will harmonize what Senator Quick's bill, LB149. So, I just wanted to put that on the record since I was being on the record before having issues with how the negotiations were going. But we all sat down and had a conversation and this is where it came out. And I really do appreciate it. I think it's consistent with what we're trying to do, which

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is help out those individuals or the school districts and regulate this type of vaping for younger kids and put in some kind of regulatory scheme around it. So, I do appreciate everybody and I just wanted to put that on the record. Thank you.

FOLEY: Thank you, Senator Wayne. Further discussion? I see none. Senator Briese, you're recognized to close. He waives closing. The question for the body is adoption of AM1950. Those in favor vote aye; those opposed vote nay. Record, please.

CLERK: 35 ayes, 1 nay on the adoption of Senator Briese's amendment.

FOLEY: AM1950 is adopted. Anything further, Mr. Clerk?

CLERK: Nothing further.

FOLEY: Senator Slama.

SLAMA: Mr. President, I move that LB397 be advanced to E&R for engrossing.

FOLEY: Motion is to advance the bill. Those in favor say aye. Those opposed say nay. LB397 advances. Proceeding to LB481. Mr. Clerk.

CLERK: LB481, Senator, I have E&R amendments first of all.

FOLEY: Senator Slama.

SLAMA: Mr. President, I move that the E&R amendments to LB481 be adopted.

FOLEY: The motion is to adopt the E&R amendments. Those in favor say aye. Those opposed say nay. The E&R amendments are adopted. Mr. Clerk

CLERK: I have nothing further on the bill.

FOLEY: Senator Slama.

SLAMA: Mr. President, I move that LB481 be advanced to E&R for engrossing.

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FOLEY: Motion is to advance the bill. Those in favor say aye. Those opposed say nay. LB481 advances. LB481A.

CLERK: LB481A, Senator, I have no amendments to the bill.

FOLEY: Senator Slama.

SLAMA: Mr. President, I move that LB481A be advanced to E&R for engrossing.

FOLEY: The motion is to advance the bill. Those in favor say aye. Those opposed say nay. LB481A advances. LB593.

CLERK: Senator with respect to LB593, I have E&R amendments first of all.

FOLEY: Senator Slama.

SLAMA: Mr. President, I move that the E&R amendments to LB593 be adopted.

FOLEY: The motion is to adopt the E&R amendments. Those in favor say aye. Those opposed say nay. The E&R amendments are adopted.

CLERK: Senator Lathrop would move to amend with AM1935.

FOLEY: Senator Lathrop, you're recognized to open on AM1935.

LATHROP: Thank you, Mr. President. AM1935 is a very, very, very minor cleanup amendment suggested by the bar association. It removes some-- an unnecessary word and rearranges paragraphs. I would encourage your support of AM1935; very much a cleanup amendment. Thank you.

FOLEY: Thank you, Senator Lathrop. Discussion on the amendment? I see none. Senator Lathrop-- he waives closing. The question for the body is adoption of AM1935. Those in favor vote aye; those opposed vote nay. Record, please.

CLERK: 32 ayes, 0 nays on adoption of Senator Lathrop's amendment.

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FOLEY: AM1935 is adopted. Anything further?

CLERK: Nothing further.

FOLEY: Senator Slama.

SLAMA: Mr. President, I move that LB593 be advanced to E&R for engrossing.

FOLEY: Motion is to advance the bill. Those in favor say aye. Those opposed say nay. LB593 advances. Moving to General File 2019 committee priority bills. LB288. Mr. Clerk.

CLERK: Mr. President, if I might, just one item for the record before we proceed.

FOLEY: Proceed.

CLERK: Thank you. Senator Brewer, study resolution, LR253, that will be referred to the Executive Board. Mr. President, General File, LB288: a bill originally introduced by Senator Linehan. (Read title.) Introduced on January 15; referred to the Revenue Committee for public hearing; advanced to General File. There are committee amendments.

FOLEY: Thank you, Mr. Clerk. Senator Linehan, you're recognized to open on LB288.

LINEHAN: Thank you, Mr. President, and good evening, colleagues. LB288 does two things. First of all, last year, many of you were here, we had a bill, LB1090, that was supposed to adjust our Nebraska income taxes to our federal income taxes. So there were a lot of moving parts. I was not on the Revenue Committee. So, what we were told on the floor is that it probably didn't fix everything. There might be some cleanup to do, but it took care of most of the fixes that we had to do to not inadvertently raise income taxes on most Nebraskans. So, I think it was in December, end of December, first part of January, I got phone calls from accountants, neighbors, people who live in my district who are very shocked and surprised that they could no longer deduct their property taxes from their state income taxes, or not all of them. So I handed out, I mean, you could do this a hundred different ways, but I sat here this evening, as we were going through the other bills, and hopefully on your desk you have a handwritten, not very fancy, sheet that shows how this works. So take a couple living in Elkhorn, married, filing jointly. We'll say they're both nurses. They make \$75,000 a year gross income; between the two of them, \$150,000. Say they have two or three, maybe four children. They have deductions of \$40,000, so their adjusted gross income is \$110,000. So I laid out, as we know, your income taxes go up the more you make, so they end up in the top bracket, so their income taxes that they will pay on

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their \$110,000 of adjusted gross income is \$5,823.28. They live in a house in Elkhorn, \$300,000 house. One as many of houses in that price range between where I drive from here to home. A levy in Elkhorn is about-- or is \$2.35, so they pay \$7,050 property taxes on their home. So, when they go to do their income taxes they add up-- they see what they pay in income taxes, they add their property taxes, and then their deduction on their state income taxes cannot exceed \$10,000. So even though they paid \$12,873.28 in taxes, they do not get to deduct the full amount from their income taxes. I'm confused how this happened. When it first came up, I called the Department of Revenue. There seemed to be kind of like surprise and then the more we dug the more deep they knew, somebody knew at least, that in doing this, the state would raise \$22 million in the first year in additional revenue, and it would go up every year thereafter. Now, we had a lot of work in the Revenue Committee this year. And it was made very clear to us, and I think this is absolutely right, that we couldn't put anything in a piece of legislation that didn't have a public hearing. There was no public hearing on this. There was no floor debate. It just kind of happened. And I don't think that's right. I think if you're going to raise \$22 million in new revenue, and this has affected 37,000 filers. And out of those 37,000, I assume we can guess at least half of them were married, so you're talking about 50,000 Nebraskans. They got their taxes raised without even a hearing, let alone a floor debate or a vote. So that's first what I'm trying to adjust here. The "pay fors" I'm not thrilled with, but we do pay for it. What we do is we go back and what we did last year is we basically took away-- or effectively killed what was known as the Nebraska additional tax. The additional tax applies to filers whose federal adjusted gross income is above, and what we're doing here is above \$250,000. So, if you're above \$250,000, you lose the effect of the lower brackets; all of your income goes into the higher bracket, and it generates-- that change would generate about \$60 million a year. We give-- we also had to create our own personal exemption credit because the federal changes did away with the federal credit. But we give this credit to everyone and higher income earners-- we took it away-- what we're doing in this amendment is take it away from high-income earners, so the amendment begins the phase out of this credit at \$250,000. So basically what we're doing is we're shifting the tax burden, but in open, talking about it, we're shifting the tax burden to higher payer, higher income earners to help these, not low-income, but middle income. And I know several of you here have raised children and sent kids to college, and \$150,000 may sound like a lot of money, but if you're paying taxes and sending kids to college, you're not living on easy street. So, we are taking money from the higher-income earners to correct, what I think was an oversight, at least by most in the body last year. Then finally, during our hearings this year, it was brought to our attention that many states, and this kind of follows on the heel of the sales tax, online sales tax, it's different, kind of the same idea. We have several corporations. I'm not sure we-- I don't think the Department of Revenue knows exactly how many, but we have corporations who earn money, earn income in the state of Nebraska, but do not have a physical presence in Nebraska. So they earn money here. Some people call this a franchise tax, but pay no income taxes in Nebraska. Several states have moved to start charging corporations, even if they're not physically in your state, but they're making money in your state to have them pay

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income taxes in your state on the funds-- on the revenue they generate, income they generate in the state of Nebraska. So in the first year, it will take awhile for the Department of Revenue to ramp this up, so in the first year it only generates probably a million dollars; the second year, \$5 million; and in year three, hopefully, it would generate as much as \$20 million. Twenty million dollars is exactly what it would cost for us, for the state of Nebraska, to bring corporate tax rate into parity with the highest individual rate. So to remind people what this issue, and it's been a big issue for as long as I've been in the Legislature, if you are corporate-- corporation doing business in Nebraska, you pay a rate that's almost a full percentage point higher than if you're an LLC or an individual or an S corp. So the way I would explain this, we were going to take revenue generated by corporations who are located outside of Nebraska and buy down the corporate rate for our corporations who are in Nebraska so we can use outside Nebraska income-- revenue to buy down the rate for our Nebraska corporations, which is one of the-- it would save money on LB720. It is a thing corporations look at when they're moving to a state what the rate is for corporations and would help some of our biggest and most successful and actually large revenue generators for the state, corporations that are here in Nebraska. So, it's two completely different issues. It's all income taxes. It's all paid for with income taxes. It's just-- back to the first issue, we're helping middle income families so sure they can deduct all the taxes they pay from their taxes. And the second issue is to use taxes from corporations doing business in Nebraska, making money, who we are not taxing now, use that revenue--

FOLEY: One minute.

LINEHAN: --to buy down our corporate rate so we can have parity across the board so your top rate is the same if you're an S corp, an LLC, or individual proprietor, or a corporation, you will all be treated equally at the top rate. So I'll be happy to answer any questions. Thank you very much for your time.

FOLEY: Thank you, Senator Linehan. Senator Linehan, we got a Revenue Committee amendment, if you could open that, please.

LINEHAN: We made sure-- we went back after reviewing the bill, and understanding the Speaker's guidelines, the money, as I said, that will come in from the corporations outside the state that's doing business here, will take two or three years to generate enough to pay-- to pay down the corporate rate to parity. So this just changes it so we pay down the rate as the revenue is generated from the corporations outside, so we don't have a fiscal note. Thank you.

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CLERK: Mr. President, I do have amendments to the committee amendments. The first-- I'm sorry, the first is to the bill, second is to the bill. Senator Linehan, AM1929 is drafted as an amendment to the committee amendments.

FOLEY: Senator Linehan, you're recognized to open on AM1929.

LINEHAN: I have to confer with staff. That is the one I just opened on, I guess. I don't know what the mix-up there is. We need to pull AM268 and AM974.

CLERK: Senator, okay, that's fine, but I have an amendment drafted to the committee amendments that is AM1929. You gave it to me yesterday.

LINEHAN: That's the one that we want there.

CLERK: Okay, and that's the one I believe you've been recognized to open on, as an amendment to the committee amendments.

LINEHAN: Okay, so let's just start again. That's the one that pushes back the effective date. I'm sorry we're not more organized.

CLERK: I believe that's right. As I look at it, I think that's what it does, yeah.

LINEHAN: Okay.

FOLEY: Senator Linehan, do you have further comments on the opening?

LINEHAN: No. Thank you.

FOLEY: Okay. Very good. Members, the debate is now open on LB288 and the pending Revenue Committee amendments and AM1929 to the committee amendments. Senator Crawford.

CRAWFORD: Thank you, Mr. President; good evening, colleagues. I'll be brief here. I was present, not voting for this vote in the committee. And one of the reasons that I was present, not voting is there are some things that I like about this bill and some things that I'm concerned about with the bill. So let me start with what I like about the bill. The bill raises revenue; which is great. So I know that I have stood on this floor in past years saying to the Revenue Committee,

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why don't you raise some revenue. And this bill does raise revenue. And so that is great, and also there's \$20 million of revenue that gets raised that is from folks, individuals filing who have incomes over \$250,000. So it is a way that we're raising revenue from individuals who could afford the extra-- who could afford the tax. And so it's a progressive way of raising revenue. And for that I appreciate that. So that is-- that's the way that we're raising \$20 million of revenue from individual-- from families that make over \$250,000 a year. So, that's a good part of the bill. And the question then really becomes what do we do with that \$20 million? What's the best way for us to address, what are our priorities in addressing what we should do with that \$20 million. And in the discussion in the committee, we had some discussion about whether or not the-- this was an intentional act or an omission in terms of the activities of the Revenue Committee last year. And so the question that that raised for me is if there is \$20 million is the way that we most want-- the best priority for using that to provide this tax fix, or are there other uses of that \$20 million that we might prefer. I will just say, the other part of the bill that she has mentioned and fixed with her amendment is the part that allows outside franchises-- collects taxes from outside franchises like we are going to do now with online sales out of the state and that's great. I think that's an important loophole for us to fix, and that's an important fix in the bill. So, the raising of the revenue through these two-- the reinstatement of the additional tax and phasing out of the exemptions are positive. The franchise tax is positive. I initially just had concerns philosophically about whether or not that's the way to spend the money, but as I've been sitting here doing the math, over our hours here, I really have concerns about whether actually it is a "pay for." So just doing the math, the additional tax brings in \$16 million. The phaseout brings in \$4 million. And the tax shift, the tax that we're talking about, that we're going to reinstate in terms of providing this tax relief is \$22 million. So, it looks like to me that we are \$2 million off in terms of really being able to pay for this fix. And above and beyond that, if I understand the bill correctly as amended, we actually are going back to fix what was incorrect, according to the philosophy of this bill, in 2018 as well. So it looks like to me that we would have a \$44 million cost in a year when we have \$20 million to pay for it; and in future years, we'd have about \$20 million to pay for a fix that actually costs \$22 million. So, I don't think that we're actually paying for this fix with what's in the amendment currently. So I have, as you'll see, if you look on your gadgets or see if we get--

FOLEY: One minute.

CRAWFORD: --when you get to this point-- thank you, Mr. President-- that I have an amendment just to strike out this fixed portion of the bill. Again, I think that it's a question of whether this is the way we want to spend revenue that's raised; and secondly, and probably more urgently, just a matter of whether or not we're really paying for this fix or if this is a fix that may be something we'd like to do, but we're going to have to bring additional revenue in to be able to pay for this fix. Thank you, Mr. President.

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FOLEY: Thank you, Senator Crawford. Senator Bolz.

BOLZ: Thank you, Mr. President. I know it's late. I know we've had a long day, but I rise sharing some of the same concerns as Senator Crawford. And I do think this bill is worthy of some deliberate debate. I share the same concern about the revenue versus "pay for" balance in this bill. And I specifically am curious, I just pulled up the fiscal note. I don't have any information, and forgive me if it has been shared out, but I don't have any fiscal pictures of what the long-term impact of lowering the corporate rate will be in terms of lost-- or deferred revenue into the future. I wonder if Senator Linehan would yield to a question.

FOLEY: Senator Linehan, would you yield, please?

LINEHAN: Certainly.

BOLZ: Senator, can you help illustrate or illuminate what the long-term, fiscal projections for lowering a corporate rate might be? What does this look like in terms of the future years and the out years biennium in terms of lost revenue?

LINEHAN: Well, I'm sure you know, Senator Bolz, the corporate income taxes is one of the most volatile streams of revenue we have. It goes up and down. It's up this year because of federal tax changes, but it is not a consistent source of revenue. At least that's my understanding. It's the most volatile source we have. The way this bill is written, it will only go down-- the corporate rate will only go down as revenue from corporations outside of the state increase the revenue. So I think it's revenue neutral. We're not-- we're using money that we're not collecting now from corporations who are making money in Nebraska, and we're not taxing them at all. We're going to use that revenue to buy down the corporate rate. And I have tried, and if there's a correction in the language we need to make, it is completely revenue neutral, that part. We won't lose any revenue because the new taxes will pay down the rate.

BOLZ: Okay. Okay. So the only way that we'll get a fiscal note on this will be if we advance it to Select File, and then the Fiscal Office will have that analysis, so that is something that we'll have to look at. Certainly appreciate your perspective on it. I'm just curious, and I'm not trying to put you on the spot here, have you penciled that out? Like it-- has your legal staff or have you worked with Fiscal Office to sort of flow that out informally in terms of numbers?

LINEHAN: Yes, we most certainly have.

BOLZ: Okay. Is that something you're able to share at this point?

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LINEHAN: I don't--

BOLZ: I'm just looking for the numbers.

LINEHAN: Yes. I mean, I will get Fiscal and my staff to share it with you. It's pretty basic. We know it costs \$20 million to buy down the rate. That's what the Fiscal Office has said. That's what the Department of Revenue has said. And the bill is written that as the money comes in from the people we are not collecting taxes from now, we will buy down the rate. It is written to be completely revenue neutral, that part of the bill.

BOLZ: Okay. Well, that's helpful to hear. That's one of the things I'm trying to understand and grapple with. Some of my other thoughts about the bill, and thank you for helping me think this through. Some of my other thoughts or questions about this bill, are-- you referenced that part of the mission or motivation was to try to help Nebraska businesses-- some of the information that I've seen from ITEP, from the Institute on Taxation and Economic Policy is that a significant amount of our corporate income tax-- our corporate income tax actually goes to companies that are out of state. Do you have information to the contrary? Is there targeting in this bill that I'm not seeing?

LINEHAN: I'm sorry, can you repeat that? I didn't quite follow you.

BOLZ: I'm concerned that a significant amount of our corporate-- of the tax benefit would go to corporations that are out of state. Are you able to provide any information about the in-state versus out-of-state benefit to corporations?

LINEHAN: No one has suggested-- I don't know how it would go to corporations out of state if it's specifically to buy down the corporate rates of corporations who are domiciled and who do business and have their headquarters in the state.

BOLZ: Okay. So that's helpful. The corporate-- the corporate income tax--

FOLEY: That's time, Senators.

BOLZ: Thank you, Mr. President.

FOLEY: Thank you, Senator Bolz and Senator Linehan. Senator Clements.

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CLEMENTS: Thank you, Mr. President. This one kind of came-- snuck up on me, I guess I'd have to say. I wasn't that aware of what was going on here. I do-- I was in some meetings with LB1090 last year to try to keep Nebraska tax revenue neutral when were matching the federal changes. Nebraska has always matched the federal standard deduction, but we did not match the federal standard deduction when it went up to \$24,000. I wanted to try to match the federal deduction and just eliminate our personal exemption credit like the federal did, but it turned out that was too expensive, it was going to lower revenue below the prior revenue, and so Nebraska stayed at \$13,000 standard deduction and kept the \$134 tax credit. This is really only affecting people who had itemized deductions greater than \$13,000. But evidently, there's a lot more than what they expected. I have one bit of heartburn seeing that incomes over \$250,000 are going to have reduced exemption phaseout. I would like to ask Senator Linehan a question.

FOLEY: Senator Linehan, would you yield, please?

LINEHAN: Yes.

CLEMENTS: Could you explain why it's necessary to put in that phaseout for \$250,000 and up?

LINEHAN: Because you have to have a "pay-for." And I don't-- and I don't like-- look, everything on Revenue is hard. But at least I'm doing it out in the open and I'm telling people what I'm doing. And I'm telling everybody in the body what we're doing. I guess-- I think we're catching people with the way we're doing it, not letting them deduct all their taxes. We're catching people that are-- they're not low income, but they're not high income either, and I just don't think it's fair and I would rather not raise taxes on anyone. But we are trying to be responsible here, open, transparent, and that is a tax break that we did see fit to fix last year when we didn't see fit to fix this one.

CLEMENTS: All right. Well, when the feds raise the standard deduction to \$24,000, they took away all personal exemptions. But now we're going to give some more of that standard deduction-- or itemized deduction for taxes, but we're not changing our personal exemption credit to \$134 a person. How about just adjusting that to offset it?

LINEHAN: I don't think that generates enough revenue to pay for it. I've got the papers here. So, if we reinstate the Nebraska additional tax at \$250,000, that raises \$16 million; and phase out of the personal exemption credits starting at \$250,000. So the same \$250,000 for married filing jointly, and \$200,000 for others; that generates \$4 million. So that gets us to the \$20 million.

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CLEMENTS: I see. Well, thank you, Senator Linehan. I'm sorry that I'm not-- haven't studied up on this. I'm definitely going to have to do some more looking into this.

FOLEY: One minute.

CLEMENTS: Thank you, Mr. President.

FOLEY: Thank you, Senator Clements and Senator Linehan. Senator Linehan, you're next in the queue.

LINEHAN: I just-- I would just ask that everybody look at the sheet I handed out. And tell how are you going to explain to people that are paying their taxes, working hard, that they can't deduct some from their state taxes. I get a lot of calls on this this spring. I don't know how to explain to people this is okay. You pay your income taxes. You pay your property taxes. And then you go to do your income taxes and you can't deduct your property taxes. I mean, we've talked a lot about how high property taxes are in Nebraska, so I just think this is like adding insult to injury. Okay, they're really, really high, and now you can't deduct them. I thought this would actually be easy. I thought it was matter of fairness. And mostly I thought people would be as kind of irritated as I am that this happened without any conversation, without a hearing that people-- I shouldn't say people, I'll get very specific, that a Governor whose been saying we shouldn't raise taxes for the last three months, as we have been trying to address property taxes, we can't raise taxes to lower taxes. That's exactly what we did here. It's exactly what we did. We raised \$22 million in taxes, so we could lower other taxes. And I and other members of the Revenue Committee, and others who have been strong enough to stand up to the Governor and say we're willing to raise taxes to fix a problem and there's been press conferences and paid e-mail pushes and phone calls about how horrible it is that we would try to modernize our tax code in Nebraska by looking at sales tax exemptions on pop and candy and it was some kind of sin? Pop and candy-- \$30 million in revenue. Oh heavens, that would just be horrible. But without a conversation, without a hearing, it was okay to raise \$22 million in taxes with the people whose taxes are being raised not having any idea until their accountants called them in December. Accountants were shocked by this. Now, we're not talking about people who don't pay attention to tax policy. We're talking about people who live it every day. Our phones started ringing sometime in November going, what is this, because, of course, people had no time to prepare 'cause it was a surprise. So when you sit down, many of us, all business people, I think, if they're still in business, sit down in September and October to look at their taxes to make sure they're taking advantage, whether it be a 529 plan for college savings, or whatever, we're going to expense something so we can control our taxes. They couldn't even plan because nobody told them. So, yes, I'm angry about this, because this-- these people are in my neighborhood.

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FOLEY: One minute.

LINEHAN: These are families, young families in Elkhorn; retired people in Elkhorn, who cannot deduct their property taxes. And I can't-- I hope, I'm pretty sure I know two other-- and I'm guessing many more senators sitting here that have got people in their districts that were just as shocked as the people in Elkhorn. Thank you, Mr. President.

FOLEY: Thank you, Senator Linehan. Senator Lindstrom.

LINDSTROM: Thank you, Mr. President; and good evening, colleagues. Hopefully I can try to put some numbers and clarify a few things seeing I'm one of the three members on Revenue, the last has been my third year on Revenue and serving with Senator Groene and Senator Friesen. If you remember back last year, the year before, well, last year, when the Trump administration changed some of the tax policy and their changes, we adjusted accordingly to make sure that we were neutral in the state of Nebraska, that being LB1090 and LB1089. And what we're trying to do with the portion that Senator Linehan has discussed with the \$22 million is to make sure that we adjust that back to what was missed in LB1089. So everything that we're doing here is paid for through a couple of different items and issues, and I'll kind of go into a few of the numbers here and give you a little bit of the context as to what we're trying to do. In the Revenue Committee we talked about three big tax initiatives, one being-- or two being that we have already covered LB289, LB720, and LB288. Through those discussions, we looked at-- with the property tax issue, using sales tax for property tax reduction and income tax revenue for income tax reduction and some of the things that we're talking about in this bill. Two of those provisions were the Nebraska additional tax and the personal exemption credit which Senator Linehan touched on a little bit. What we did with the thresholds was we made an adjustment here at the state level versus what the feds had their rules set at. And I believe the numbers were north of \$300,000 adjusted gross income. So when we looked at "pay fors" for these to offset some of the things we are doing, not only the parity in the corporate tax code, but fixing the issue in the previous bill, LB1089, we dropped the threshold to \$250,000 in both those cases to make sure the revenue was there to pay for the things that we were trying to do. The other provision that had come up in years past, what is called, and there's a couple of names that have been attached: the franchise tax, the Geoffrey tax; basically it's taxing the nexus point for trademarks and other things for companies that are franchise or is domiciled by the state of Nebraska being your McDonald's of the world and those names. So not necessarily affecting any owner of a franchise in the state of Nebraska, but a franchise owner. So those were a couple of things. The franchise tax is actually in our statute, but the Department of Revenue wasn't necessarily collecting that. And so what we did in our special hearing was to clarify the language to make sure that the Department of Revenue was actually-- was targeting or collecting on what the actual statute was saying. And that fiscal impact or note started at \$1 million and then goes to \$5 million and then \$20 million. And so we would essentially use a lot of these dollars that the revenue coming in to

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buy down the corporate tax rate. And so just to put it in context, what the corporate tax rate, if you were take the 7.81 percent down to zero, it's around \$300 million net loss to the state of Nebraska. So sort of to put it in a context, we looked at possibly looking at dropping the individual tax rate, which, of course, affects your LLCs your Subchapter S to the same level and dropping the corporate tax rate to 6.75 percent. To do both of it on the individual side is around \$50 million. To do it on the corporate side it was around \$20 million. We discussed the Subchapter S, LLC, the individual provisions, we realized that we couldn't pay for it, but we could do these things that we're talking about here: pay for the fix in LB1089; pay for a parity in the corporate tax rate.

FOLEY: One minute.

LINDSTROM: And I do want to point out, since we talked about LB720 today, when you do drop that corporate tax rate, it does lessen the fiscal impact on LB720 because you're using those corporate tax credits against your corporate tax rate in the case that you are a C-corporation. So, there are a number of provisions in this bill. I realize that it's 10:41 at night, everybody is tired. I think most people would like to look at this a little bit closer. But I do just want to let you know, this has been thought through. This is-- I don't see it as a tax increase. It is making thresholds that we feel that are necessary in the state of Nebraska that were set at the federal level at 300 plus AGI. We just decided \$250,000 was a better number to do and then clarifying the provisions in the franchise tax to do what we're trying to do here. And so this does play off of LB720 in a little bit, but more importantly, it does fix--

FOLEY: That's time, Senator.

LINDSTROM: I'm sorry.

FOLEY: That's time.

LINDSTROM: Oh, thank you.

FOLEY: Thank you. Senator Lindstrom. Senator Crawford.

CRAWFORD: Thank you, Mr. President. Just real quickly, just want to correct the record when we were talking about the corporate tax paying-- the franchise tax paying off the corporate tax, that's based on our projections of how much we expect that franchise tax to bring in. So, the actual language in the bill has the corporate income tax going down based on years, and those years are chosen based on the analysis of the Fiscal Office to make sure that that-- that there will

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be-- to estimate that there will be enough revenue to pay for that in those years. But again, we'll need to be watching that as we go in future years, and I won't be here in future years, so other people will need to watch that just to make sure that we've estimated that correctly to make sure that it is actually able to pay for itself over time. So, I just wanted to clarify the record on that. And again, my concern about whether or not we're paying for things in this bill, is it looks to me like we have a \$44 million fix, and a \$22 million fix, and we're bringing in \$20 million each year with our "pay for" and I don't think that covers it. Thank you, Mr. President.

FOLEY: Thank you, Senator Crawford. Senator Bolz.

BOLZ: Thank you, Mr. President. I do want to continue to try to grapple with this bill. I think it just got out of committee last week and we're in the waning days of the session, so I haven't had a lot of time to process this and I, you know, especially after serving so many years on the Appropriations Committee, I think in terms of spreadsheets and the long-term impacts, I always take pause when we have out-year impacts of revenue and tax offsets. So, I do look forward to seeing the information that Senator Linehan puts pencil to paper and helps me understand how the numbers come together. I know this is a good-faith effort. It is helpful to see how that all comes together. The question that I was trying to ask my previous time on the mike, I don't think I was articulating very well, maybe not at my best at 10:43 after a long day. The question, if Senator Linehan would yield, I can give it another shot.

FOLEY: Senator Linehan, would you yield, please?

LINEHAN: I will yield, but I may call on Senator Lindstrom to help me, because he is younger and seems quite-- he has his head wrapped around this, but yes.

BOLZ: We can finish this tomorrow, if necessary; I know we're getting into the last minutes here. The distinction I was trying to make last time that I didn't do very well, and I appreciate that I think you're trying to make an effort to help Nebraska companies and buy down the Nebraska corporate rate. My concern is that some of those folks might be non-resident shareholders. And the information I have from ITEP says that a number of them are. And so I-- maybe rather than put you on the spot at 10:44 tonight, I'll put that question on the mike to you and maybe we can dialogue more about it tomorrow, just as long as that question makes sense to you.

LINEHAN: It makes sense, but-- the corporation pays the taxes, not the shareholders. The shareholders get dividends which they pay taxes on, unless maybe I'm forgetting all my business education from college.

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BOLZ: I'm just trying to understand whether the benefit of this tax decrease will go to people in Nebraska. And so we can dialogue about that later, but I did want to try to get to the heart of the question before we wrapped up this evening. I think those were more my main issues. No, I guess I do have one last issue is I think previously before the changes that were made in previous sessions, the allocated income tax went to the General Fund. And so-- and maybe share some of Senator Crawford's concerns about how we're using revenue, but look forward to a debate tomorrow morning when we're a little more refreshed. Thank you, Mr. President.

FOLEY: Thank you, Senator Bolz. Senator Clements.

CLEMENTS: Thank you, Mr. President. I have a question for Senator Linehan.

FOLEY: Senator Linehan, would you yield, please?

CLEMENTS: Regarding deliberations on this in the committee, what the federal government did by taking away some of the tax deductions on itemized tax deductions was to lower the income tax rate rather than give these tax deductions, did you consider lowering Nebraska's income tax rate?

LINEHAN: I consider it every day. [LAUGHTER]

CLEMENTS: And how was the decision made to do it this way?

LINEHAN: Because-- first and foremost on this, we're trying to fix what I think was an unclear step last year, whether it was on purpose or not, I don't know. But we-- again, raised taxes on 37,000 filers, \$22 million, without a public debate or a public hearing. So since October, when we first started hearing from accountants, I wanted to try and fix that. I told people I would make an effort to fix it. As we all know, we have been very busy on Revenue. Property taxes was the top concern. That's the bill we got out first. That took a lot of energy. Then the second bill was incentives. And this bill came out last mostly because it was-- I didn't push it first. And I do invite Senator Lindstrom to stay in this conversation because he's been the one-- we kind of divided the committee up.

CLEMENTS: All right, thank you; I think that's enough for that right now.

LINEHAN: Okay. All right.

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CLEMENTS: I did expect this to be a revenue-neutral change and it was not. And I don't know whether somebody knew it wasn't. And it is hard to-- difficult to match when the federal IRS laws change so dramatically. I think it was hard to do that. I'm going to just keep listening. Thank you, Mr. President.

FOLEY: Thank you, Senator Clements. Senator Friesen.

FRIESEN: Thank you, Mr. President. So I have-- this is my third year on Revenue, and I know there were some corrections that we had to do and we did some of those this year. One was a 1031 exchange, another one was the domestic production export tax credit. Those two were also-- those were the mistakes that we made last year. We did not correct the domestic production export tax credit because that had a fiscal note also. From what I understand about what happened here, this is not a mistake, that we're not correcting anything. This was intentionally left this way. And it happened because of the tax cuts and jobs act that was passed in the state, obviously follows the federal and some of these parts of the tax code. There was a conscious decision made not to change this. And so, again, I will say that from my understanding, this is not a fix to what we did a few years ago. What we're doing here, and if you'll look at the amendments that are going to follow yet after this one, we did have a hearing on the franchise tax, as we call it, or the Watson amendment, it's got several other names. But again, if you notice, I also voted against this when it came out of committee. And right now, when I have had-- when I see that property taxes have gone up 150 percent and you see that we can't even begin to correct any of that, when I look at the number of-- this comes out to roughly \$594 amongst those 37,000 residents that the tax went up. That's not a huge tax increase. I'm not feeling much pity right now for someone that has had a small tax increase like that. We've had numerous individuals with 150, 200, 250 percent increase in their property taxes over the last 10 years. When we make changes to our tax codes, it's usually for a reason. This one I will not call a fix. It was intentionally done that way, and so I think-- I do have an amendment that corrects all of this and we'll just proceed through that process and see where we go. Thank you, Mr. President.

FOLEY: Thank you, Senator Friesen. Senator DeBoer.

DeBOER: Good evening, colleagues. Do you know what we need to start at 10:30 at night? A really complex, very specific tax bill. That sounds like a good idea after being together for 14 hours. Last week, some of you saw my niece who is four, she was here and she said to me, as we were walking through the halls of the Capitol, Aunt Wendy, why is it so dark in here? And I said, well, we don't have a lot of money and we can't afford to keep all the lights on. And she looked for a second and she said, maybe if everybody came down here and gave you their money a little bit you could do it. So, a four-year-old invented taxes and that system seemed pretty

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straightforward. However, as we all know, it gets a little more complicated when you get into the realities of the situation. So I'm wondering if Senator Linehan would yield to a question.

FOLEY: Senator Linehan, would you yield, please?

DeBOER: Sorry.

LINEHAN: I will yield and I will try.

DeBOER: Thank you. I would like the very simple version. I have been getting some e-mails from folks in my district who say that they're being taxed on their taxes.

LINEHAN: Yes.

DeBOER: Okay. So let me see if I can get this on my current brain level.

LINEHAN: Okay.

DeBOER: I have your little flow chart in front of me. Someone who has a total state and local tax combined of \$12,800 approximately can now deduct from their federal-- is that correct?

LINEHAN: Federal and state.

DeBOER: Federal and state, okay, taxes, \$10,000, so there's \$2,800 that is not deductible.

LINEHAN: Not deductible.

DeBOER: Now, because I'm very tired, please use small words and explain to me how-- I agree, I think that's what's happening is they're getting taxed, but take me through the process of then how this money is being double taxed.

LINEHAN: So generally when you-- what we have historically done when you deduct your property taxes from your income taxes, so that comes-- it's like an expense, so then you don't have to pay taxes on the money you paid on property taxes. So now instead of this \$2,800; and this could go up or could go down, \$2,800 being deducted from your taxes, you would have to take your highest rate, I think Senator Friesen just did this, you take 0.0684 times that and you

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would have to pay taxes on that. Where before this change, you would not have had to pay taxes on it.

DeBOER: Yes. All right. Thank you, Senator Linehan.

LINEHAN: So it's taxes on your taxes.

DeBOER: So, you're paying taxes on your taxes.

LINEHAN: Taxes on your taxes.

DeBOER: Now, I understand-- thank you, Senator Linehan. Understand, colleagues, that, you know, we might have a lot of disagreements about whether or not there should be a higher rate on folks who have high incomes, and I think that's appropriate, it's progressive, that's good. But one thing I cannot appreciate is a kind of back door way of doing this. And I think in some ways that's what we have done here is we've created some complications in the tax code that allow us to, as Senator Linehan said, raise some taxes on folks who didn't anticipate it and we didn't do it directly. And I think if we're going to raise people's taxes, we ought to tell them we're raising them and they ought to know that we're doing that rather than doing it through one of these sort of complex ways. And I think that if we're raising somebody's taxes, they ought to be able to understand it--

FOLEY: One minute.

DeBOER: --even at 11:00 at night, even after 14 hours of debate. So, the other section with the franchise and all of that is a different question. But I-- to the people in my district who have been writing me, I hear you and I think you're right that we have to not tax people on their taxes. Thank you, Mr. President.

FOLEY: Thank you, Senator DeBoer. Senator Linehan, you are recognized to close on AM1929.

LINEHAN: Thank you all for still being here. I know we're all tired. I would appreciate your green vote on AM1929. We'll see how many are still here. So, thank you.

FOLEY: Thank you, Senator Linehan. The question for the body is the adoption of AM1929. Those in favor vote aye; those opposed vote nay. Record, please.

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CLERK: 35 ayes, 0 nays on adoption of Senator Linehan's amendment to the committee amendments.

FOLEY: AM1929 is adopted. Mr. Clerk.

CLERK: Mr. President, the next amendment to the committee amendments is Senator, I believe, Friesen. Senator, I've got AM1958 in front of me.

FRIESEN: Thank you, Mr. President.

FOLEY: Senator Friesen, you are recognized to open on your amendment.

FRIESEN: Thank you, Mr. President. So, what this amendment does is basically it strikes Sections 1, 2, and 3. And so it removes everything in the bill except the franchise tax that we've been talking about. So in the end, the franchise tax on those out-of-state corporations that earn money in this state through franchising fees, and things like that, that money will now be collected if you pass this amendment. That money would be collected and put into the General Fund. Now, if we pass this and we move on to Select, then we can decide what to do with that money. It does take a few years to ramp up. It is slow at the start and then eventually it does-- we're not sure what it may end up being. The estimate was around \$20 million in three or four years. And so, with that, again, it goes back to when you take \$22 million issue and you divide it by 37,000 taxpayers, it's about \$546 on average. And so there's some that are higher and some that are lower. But that is the result of having a high property tax home and having high income. I haven't had a single constituent from my district call me with this issue. They haven't noticed it yet. So evidently it's not a problem everywhere. Again, I don't feel it is a mistake. It's nothing that needed to be cleaned up from last year. This is just what they intended to have and so this is where we're going with this. My amendment basically strikes out those three sections, and then we move forward-- we can deal with the rest of the bill. And so, in the end, what it would do is put \$20 million from the franchise fee into our General Fund at some point in time. Now, how fast that raises that money, we don't know. As we move down the line with this, we'll find out whether or not-- what kind of revenue there is and maybe under Select we can find a use for this money, whether it might be for property tax relief or something else. I'm open to suggestions. The buying down of the corporate rate with this money, I thought at this time, since we are unable to properly address the property tax issue, I'm not very supportive right now of buying down the corporate rate. With the new ImagiNE Act, I'm sure the effective tax rate will still be around 4 percent, so I'm not too concerned with that item right now. When we get into the details about the corporate taxes that are collected in the state, I have been told 80 percent of that tax cut money would go to out-of-state corporations. And so again, we need to look carefully sometimes at what we're doing. I don't see that we would want to incentivize corporate headquarters that are

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located outside of Nebraska and incentivize them right now with a low corporate rate. I have always been supportive of buying down the corporate rate down the road, but until I can be satisfied with the property tax problem that we have in the state, I will be unable to support any of those types of tax cuts. Thank you, Mr. President.

FOLEY: Thank you, Senator Friesen. Speaker Scheer, you are recognized.

SCHEER: Thank you, Lieutenant Governor. Colleagues, just a little heads-up, what I'm-- I had told you 11:00 and I didn't lie, I just wasn't able to anticipate-- it's taken a little while for the Select that we ran through to come back down. And I have been told we can expect that probably around 11:15 or so. That then gives me the ability to run that on Final Reading on Friday which then gives us some days in-between. So if you'll be patient and we'll work on this bill until those come back across, and then at that point in time we'll go ahead and adjourn for the evening. Thank you very much.

FOLEY: Thank you, Mr. Speaker. Debate on the amendment. Senator Linehan. Senator Linehan.

LINEHAN: I'm sorry. Senator Friesen, would you yield to a question?

FOLEY: Senator Friesen, will you yield, please?

FRIESEN: Yes, I would.

LINEHAN: So, Senator Friesen, you're an ag producer, you pay a lot of property taxes?

FRIESEN: Yes, I do.

LINEHAN: Do you deduct those property taxes?

FRIESEN: On my land, I do.

LINEHAN: You deduct them as a business expense?

FRIESEN: Yes, I do.

LINEHAN: So, are they 100 percent write-off on your business income?

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FRIESEN: Yes, they are.

LINEHAN: Okay. Thank you, Senator Friesen. If, in fact, this was intentional, it was very quiet. I mean, does anybody else remember last year having a conversation about this? You did? You talked about it last year? Okay, you can't do that. It's not-- there's no cheerleaders here. I'm quite sure I have enough, like, knowledge about my district that if I was told that people in my district who are married, both working, raising families weren't going to be able to deduct their-- all of their state taxes from their taxes, or as Senator DeBoer puts it, and her constituent puts it, actually mine too, I'm quite sure if I was told we were going to pay taxes on our taxes I would have been paying attention. It's-- it's-- it's insulting. You pay your property taxes, you pay your income taxes, and then you turn around and realize you have to pay taxes-- income taxes on your property taxes. It makes no sense. Again, it's like adding insult to injury. And I'm going to let, if he will be so kind, I'll yield the rest of my time to the very eloquent and hardworking Senator Lindstrom.

WILLIAMS: Thank you, Senator Linehan. Senator Lindstrom, you're yielded 2:40.

LINDSTROM: Thank you, Mr. President. I think I'm next in the queue. I stand in opposition to AM1958. And the problem I have with this particular provision, in the Revenue Committee, we worked together to address a lot of different issues. Obviously, we're not going to agree on all the issues, but we try to do the best we could in talking through what we're trying to do. A few of the provisions in here particularly deal with the Nebraska additional tax, dealing with the personal exemption credit, and dropping those thresholds. We have some senators in the body, and I don't think you'll be surprised, people have brought bills before, to increase the income tax. So, I wouldn't imagine that a lot of people probably wouldn't be supported on the floor, but we took that advice-- or took that idea and put it into the Nebraska additional tax and the personal exemption credit by dropping that threshold. It was a compromise that we did. I sat on the Revenue Committee, this is the first time that we've actually had several bills like this on the floor that addressed the incentives, that addressed the property tax issue, addressed income tax issues. In years past, we've only really talked about income tax. But when we sit in the committee and a couple of senators either present not voting or voting no on other provisions like LB288, like LB720, I try to operate in good faith and I try to support senators' bills that are important to them, the issues that are important to them, knowing that, you know, at some point, I might need to lean on them for a bill too. So, to come at it from one particular issue or one thing, it's not going to happen.

WILLIAMS: One minute.

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LINDSTROM: You need to find the compromise, and it hasn't happened. So I just-- I-- it's a little frustrating as we talk about this issue because it is important, but this is not the way to do it. So please vote no on AM1958.

WILLIAMS: Thank you, Senator Linehan, Lindstrom, and Friesen. Senator Lindstrom, you are next in the queue. Senator Lindstrom waives. Senator Hughes, you're next in the queue.

HUGHES: Thank you, Mr. President; good evening colleagues. I guess I'm in favor of AM1958. Over the last few years, we've had some discussion of this \$20 million that's been floating out there that we have not taken advantage of that apparently the revenue department didn't have clarifying language of-- that they could collect this franchise fee from out-of-state franchises that had-- franchisers that had franchises in the state of Nebraska. We've looked at eliminating taxes. As I stated before, I had constituents of mine, groups that come to me and said we would sure like a sales tax exemption for our industry. And I told them no. I says, until we get a better handle on the finances in the state of Nebraska, we cannot be continuing to give revenue away. I was glad that we finally have a mechanism that we can collect this franchise tax, if you will, franchise income tax, even though it will take two or three years to ramp up, and the fact that we finally have something in place where we can begin to collect that, all of a sudden now we have somewhere that that needs to be spent. As I talked earlier today on the mike about the historical percentage of revenue growth in the state of Nebraska, and unfortunately I threw my notes away, but I do remember the five year average was 3.2; this year was 2.8. Colleagues, quite frankly, we cannot afford to give this revenue away. We need to keep it. We have expanded Medicaid to pay for coming up. That's going to be a very important piece. And my crystal ball tells me that agriculture is not going to rebound anytime soon and that is going to be a very significant drag on the amount of revenue that is generated in taxes for the state of Nebraska. I'm sympathetic to Senator Linehan and the people who have high property tax bills and make a good salary. That's great. I mean, I want to be one of those people. But in this instance, we cannot afford to give up this revenue. That's the bottom line. We need every penny we can get to pay for the programs that are currently existing that we fund in the state. There's a lot of things that we all want government to pay for. And we are struggling with our income. And giving away this franchise fee that we finally figured out a way how to collect that we should have been collecting for quite some time is just not good business. I'm sympathetic for the SALT people that they can't take full deduction, but there's a lot of us that are struggling. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Hughes. Senator Wayne, you are recognized.

WAYNE: Thank you, Mr. President. I knew you're going until 11:15 and I just-- I was thinking about really nothing, but I kept hearing taxes on taxes and it kind of sounded like a song, a rap song, taxes on taxes; then I heard franchisee and franchiser. So I was just thinking about a song

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and figured I can punch my button and maybe go until 11:15, but that didn't quite work out, so I'm going to yield the rest of my time to Senator Vargas.

WILLIAMS: Senator Vargas, you are rap song yielded 4:20.

VARGAS: If I had my gumption, I'd start beat boxing, expect him to freestyle. What is happening right now? No, somebody is going to kick me out. I don't need to get kicked out. What is happening right now? This is what happens at 11:10? Why did you just yield me time? I don't have to say anything. I'm going to give it back. We're good. [LAUGHTER]

WILLIAMS: Thank you, Senator Wayne and Senator Vargas. Senator Friesen, you are recognized.

FRIESEN: Thank you, Mr. President. So when you're doing your taxes, you've never been able to deduct your state taxes off of state tax obligation. So, this is just your real estate taxes that you pay on your home, which is the same as what I do. Everybody's residences is not deductible either any more than anyone else, whether you're a farmer or whatever you are. Domestic residence is treated differently. So it's not deductible any different. And again, like I said, there have been no calls from my district. Either our homes must not be expensive enough or I can't quite explain why it isn't I received any calls. We've had to file our taxes too; I've not had one single accountant call me or talk to me about this issue. It's because I think just as-- we must not have the same problems in rural Nebraska that we do here. And again, when we're talking about a tax issue, and I-- again, I'll say I don't think that this is any type of correction was meant. It comes out to about \$500 a person, so you know that some have to pay a little more, some were paying less. But it's not an extraordinary large fee for someone that has up to \$10,000 of a deduction of their property taxes. I know the property taxes on my home do not reach that level, they're not even close. So, again, I urge you to adopt this amendment. This will end up putting \$20 million into our General Fund and we can see once what kind of good purpose we can put that to in the future. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Friesen. Senator Hughes, you are recognized.

HUGHES: Thank you, Mr. President. I just remembered one thing when the tax paying taxes on taxes, we do that all the time, especially in the cities. If you recall, there is an occupation tax that goes on within a certain area around Pinnacle Bank Arena to help pay for that. And you pay sales tax on that occupation tax. That's a fact. I have looked that up. If you go-- I'm sure in Omaha, if you're around the CenturyLink Center, or whatever it is called now, if they have an occupation tax, you pay sales tax on that occupation tax. So, we do pay taxes on taxes. Thank you, Mr. President.

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WILLIAMS: Thank you, Senator Hughes. Seeing no one in the queue, Senator Friesen, you're-- excuse me, Senator Slama. Senator Slama waives. Senator Friesen, you are recognized to close on AM1958.

FRIESEN: Thank you, Mr. President. I urge everyone to vote green on AM1958. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Friesen. The question is, shall the amendment to LB288 be adopted? All those in favor vote aye; those opposed vote nay. There's been a request to place the house under call. The question is, shall the house go under call? All those in favor vote aye; those opposed vote nay. Record, Mr. Clerk.

CLERK: 26 ayes, 4 nays to place the house under call.

WILLIAMS: Thank you. The house is under call. Senators, please record your presence. The unexcused senators outside the Chamber please return to the Chamber and record your presence. All unauthorized personnel please leave the floor. The house is under call. All members are present. Senator Friesen, how would you like to proceed? Your choices are roll call or call-in. Call in? Senators please indicate your call in.

CLERK: Senator Howard voting yes. Senator Quick voting yes. Senator Walz? Senator Walz changing from yes to no. Senator Wishart changing from yes to no.

WILLIAMS: Record, Mr. Clerk.

CLERK: 15 ayes, 7 nays, Mr. President, on the amendment.

WILLIAMS: The amendment is not adopted. Returning to discussion. Raise the call.

CLERK: Mr. President, Senator Crawford would move to amend the committee amendments with AM1959.

WILLIAMS: Senator Crawford, you're recognized to open on your amendment.

CRAWFORD: Thank you, Mr. President; good evening, colleagues. My amendment, basically, just strikes the SALT portion of the bill. And again, one of the arguments that I have raised in my discussion before is my concern that this is something that is not paid for in the bill. The

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language is now-- it corrects the SALT issue for 2018 and 2019. If it's \$22 million a year, then that should be \$44 million; and then from there on out, it's \$22 million and our "pay fors" only equal \$20 million. So this amendment strikes the SALT portion of the bill. It leaves in the corporate buy down. So it leaves in the portion of the bill that allows us to collect the franchise tax and allows the collection of that franchise tax to buy down the income tax rates-- excuse me, the corporate income tax rates. And it leaves in the additional tax and the phase-out of exemptions. So that leaves us with \$20 million of revenue that we can decide how to best address that. Perhaps we could do a military retirement tax break with that, or we have other uses that we might have for that \$20 million. So, again, this amendment simply strikes the SALT portion of the bill and leaves in the franchise tax collection, leaves in the additional tax collection, and leaves in the phasing out of exemptions, and also includes the buy down of the corporate rate. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Crawford. Debate is now open. Senator Friesen, you are recognized.

FRIESEN: Thank you, Mr. President. Well, that was an interesting vote, or a non-vote. So how many people in this room are worried about protecting their low-income, affordable housing-type constituents? Evidently not very many. This is where we see the rural/urban divide. When we see a little bit of a tax increase in the urban residential homeowner, we do something about it. When we see 150 to 200 percent increase in rural ag land increases, we don't do a thing. We just watch. And you wonder why sometimes we get a little frustrated in this body. And I'm getting a little more frustrated at night. And I don't usually get tired at night, I just am getting a little frustrated. This is ridiculous. We've got a minor little increase in some very expensive homes' property taxes and everybody is just saying that's okay, let's fix that; let's take \$22 million and let's make a fix to that. I don't see a problem here. I would say there are large swaths in Omaha and Lincoln who have no issue with this problem whatsoever. And yet, we're all looking to find a fix for this when there isn't really a fix to be made. You're just lowering the urban residential homeowners' property tax bills is what you're doing, their tax bill. A fix that was intended to be, that we didn't need to fix, and you're going to say it's okay. We're short of revenue in the state, we can't even come up with funding for some things and we're going to cut the corporate rate now. I don't see how that can be okay. The hypocrisy sometimes around here gets pretty deep. With that, we'll just continue watching tonight. I know it's late, people are tired, but these are important bills that deal with revenue that comes into the state. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Friesen. Senator Linehan, you are recognized.

LINEHAN: Thanks, Mr. President. I expect there's quite a bit of frustration throughout the body. And I am disappointed that we did not make progress on property taxes today. I don't know

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really how the Revenue Committee could have been more supportive of making progress on property taxes. Here's a reality. We spent many more hours on property tax; and many, many more meetings on property taxes trying to negotiate something that was acceptable across the board. We had a bill, have a bill, LB289 that was too big, too complicated, whatever. It's a good bill. It addressed the problem which is school financing. I failed in letting it, basically-- people need to go home tonight and think about how they've worked this and how cooperative they have been in trying to get people on board. The reality on LB289 is we have ag people who represent ag areas that didn't support it. You get mad at somebody, and I can be mad at somebody who is from an urban area and they didn't support it. But I think the anger is being pushed in kind of the wrong direction here. We have people representing large areas of ag producers that did not support either of the bills, didn't even give them cloture. So I don't see why it's reasonable to be angry at everyone that represents an urban area when we couldn't get to cloture because we didn't have people who you would assume-- we have people-- and this is-- everyone got their own right to have their opinion here. I'm not mad at anybody for voting for cloture or not voting for cloture. We all have to live with our own conscience and we have to live with the commitments we made to our constituents and we have to live with our own conscience. So, I'm not mad at anybody for how they voted. But when we're going to start saying it's not fair or people haven't given it enough consideration, that's just not true. The Revenue Committee spent many, many more hours. I personally have spent many more hours on trying to unravel the mess that we have with school financing and property taxes and I'm not giving up. But you can't think we're going to make progress in a body of 49 senators representing 1.9 million people and we have to always-- it's always about my concern. And I'm sorry, \$600 increase in the taxes for a family is a big amount of money. It's maybe not a month's groceries, but if you're very frugal and you use coupons and you go to not Whole Foods but Family Fair which is right down the street, \$600 is a lot of money. And again, if it was on purpose, then that's fine, nobody owned it. Nobody carried a flag around--

WILLIAMS: One minute.

LINEHAN: Was that one minute or done?

WILLIAMS: One minute.

LINEHAN: Nobody carried a flag around saying I'm raising your property tax, I'm raising your income tax to 600 bucks. Let's go on the record, that's fine. But this is what I'm not doing, I'm not going to support a bill that ends up raising a tax to put in the General Fund. I'm not going to do that. I didn't do that-- we were very specific on the property tax bill that every dime of new revenue we raised went into the Property Tax Credit Fund. It got buried because of one liners that were not true. It was never more spending. Every dime we were going to raise for property

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tax relief was going to go for spending that is already being spent. It's just spent-- property tax is not state funding, and this bill is the same way. I'm not going to raise revenue to go into the General Fund--

WILLIAMS: Time, Senator.

LINEHAN: Thank you.

WILLIAMS: Thank you, Senator Linehan. Senator Bolz, you are recognized.

BOLZ: Thank you, Mr. President. I think this bill deserves serious and deliberate debate. I think Senator Crawford is sincere and thoughtful, and as a member of the Revenue Committee and her amendment deserves sincere and serious debate. And I overheard the staff reporting to Speaker Scheer that we've got about 10 or so more minutes to talk about this. So, I'm hopeful that in the morning we can start fresh and have a constructive conversation and get to the bottom of some of the policy questions. I certainly still have some policy questions. So instead of trying to make more progress on this bill, I'm going to say a couple of things that I have been thinking about this evening. One is thank you to our staff who are here with us working late. The staff in the Clerk's Office who have to stay even after we adjourn, thank you for your work. To the folks upstairs in Bill Drafters, we know you're working as hard and as fast as you can, we really appreciate that. Pages, I see you, you are out of school and you are still hanging in here with us and I think that's pretty great. You've been here with us all session and you've seen the gamut of us, so we really-- we appreciate you and your work. Senator Crawford and Senator Linehan and Senator Friesen, I appreciate you and the work you're trying to do to help us sort through this bill. Senator Vargas, thank you, even though you disappointed me by not beat boxing; you did tolerate our heckling with grace and I appreciate that. So, maybe someone else will get on the microphone and express some gratitude or have something else to share as we wind down this evening. But I do know we have a few more minutes to spend on this bill. I think that-- or this evening, and I do think that it deserves sincere, fresh-eyed policy debate and I'm hopeful we can do that in the morning. So, that's all I got in me tonight. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Bolz. Senator Erdman, you are recognized.

ERDMAN: Thank you, Mr. President. We only have 31 minutes left, right? 11:59 is coming. Trying to make heads or tails of this. The more I listen to the debate, I'm beginning to wonder whether this is one of those bills that would be just fine if we didn't do anything. So I wonder if Senator Friesen would answer a question or two.

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WILLIAMS: Senator Friesen, would you yield?

FRIESEN: Yes, I would.

ERDMAN: Senator Friesen, if you would, explain to us what happens if we don't pass this bill at all?

FRIESEN: I guess nothing happens. There would be no revenue change whatsoever. There would be an increase in taxes for those people affected by this change, and so that \$22 million tax issue would still be there. We would not be taxing these franchises. I guess we just go back to starting over.

ERDMAN: When you say raising taxes on these people, you mean, these people are already paying this tax, right?

FRIESEN: They were-- if this was a deduction, they were allowed before the tax cuts and jobs act, and when that happened and the way Nebraska follows the federal tax law, they were not allowed as large a deduction. And so, yes, they did receive, you could say, a tax hike because of that. But it's just less of-- maybe it's not a tax hike, it's less of a deduction.

ERDMAN: So this last year they have not received that extra deduction that they would have normally gotten if this passes, is that correct?

FRIESEN: That's correct.

ERDMAN: OK, I understand. I think I'm getting my hands around it. I'm not exactly sure that we need to do this. But it's 11:30. A little hard to get my hands around this at 11:30. But if we were to vote now, I would be a red. So we'll see if I can change my mind as the discussion goes on. Thank you.

WILLIAMS: Thank you, Senator Erdman and Senator Friesen. Senator Crawford, you are recognized.

CRAWFORD: Thank you, Mr. President; good evening, colleagues. I want to-- I'll echo Senator Bolz's gratitude soliloquy here, and also want to express my gratitude to the pages and to my fellow colleagues and to the staff who are still here. And to my colleagues, Senator Lindstrom and Senator Linehan and Senator Friesen and other Revenue Committee members for working

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through these issues throughout the session. And I think, as Senator Bolz said, it is probably a good idea if we have fresh eyes to come to this conversation. So, I'll just say a few things and hopefully that will lead us into when we need to adjourn. I do want to, again, thank staff and I do want to tell you that staff has come to correct me about the \$44 million that the bill-- with the amendment that we passed, that moved the dates, moves the effective date for the SALT component, and so now as the amendment was originally written, it was the case that we were going to provide that for 2018 and 2019, and then-- and again, we were raising revenue just for 2019, and so we were going to have a \$44 million amount that we would need to raise, we're only raising \$20 million. As I-- as was explained to me now, by pushing the tax effective-- pushing the SALT components out to future years, the logic is that we will be collecting the \$20 million immediately, and then in a future year we will be doing the SALT fix. So we will have some money that was collected in a prior year to help pay for the SALT fix. I'm not sure that-- that's how I understand it now, and in the morning I can have staff explain it to me again and we can explain it again. But I guess, it's still to me raises concerns about whether it's fiscally sustainable over the long haul and whether, if we're collecting these revenues in prior years, how that then translates into the money we're going to be using for revenue loss in future years, unless we're somehow saving this money for a future year. So, I can understand the effort to try to bring down-- to try to say that we're not going to be costing money by starting the revenue collection before the SALT components come into effect, but I don't know how the Fiscal Office will deal with that in terms-- and I guess we won't know until-- or unless the bill passes and we get a new fiscal note, because it is the case that we're in general, again, all of these are projections, but in general, the overall long-term perspective from the numbers that I have in front of me from our discussion in the committee is that the SALT fix will be somewhere around \$22 million and that will grow over time, and the "pay fors" components, the adjusted-- the reinstating the additional tax and phasing out the exemptions are somewhere around \$20 million, that might grow over time, the question is does one grow--

WILLIAMS: One minute.

CRAWFORD: Thank you, Mr. President. --does the "pay fors" grow fast enough and-- and pay-- grow-- or they have to grow faster than the expected cost of the SALT fix or else just every year we would be losing something in the neighborhood of \$2 million. Because again, per year, the SALT fix is \$22 million, per year, the "pay fors" are \$20 million. Again, those will change over time with revenue growth, but if they change proportionally to where they are now, we'll still be in a situation where over time the "pay fors" do not keep up with the SALT fix cost over time. And that's my concern there. As far as I can tell from the projections that we have, the corporate tax buy down is paid for by the projected increases in the franchise tax. So I do believe on that--

WILLIAMS: Time, Senator.

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CRAWFORD: Thank you, Mr. President.

WILLIAMS: Thank you, Senator Crawford. Mr. Clerk.

CLERK: Mr. President, some items to read in: Senator Linehan, I want to make sure, you indicated earlier you wanted to withdraw two amendments you had filed earlier, Senator, AM974 and AM268. I confirmed with staff. I just want to make sure that's okay. Thank you very much. Mr. President, Enrollment and Review reports the following bills correctly engrossed: LB86, LB186, LB186A, LB397, LB462, LB481, LB481A, LB519, LB593, LB630, LB680.

Mr. President, Senator Pansing Brooks would move to adjourn the body until Thursday morning, May 23 at 9:00 a.m.

WILLIAMS: Thank you, Mr. Clerk. A special thank you to all of our staff, all of our pages, and all of the senators for their work for the state of Nebraska. Members, you've heard the motion to adjourn until tomorrow morning at 9:00. All those in favor say aye. Opposed. We are adjourned.